

# **ORGANIZING HIGHER EDUCATION FUNDING IN GHANA:**

*The Case of Ghana Education Trust Fund (GETFund)*

**Fredua Kwasi-Agyeman**



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*Institute of Educational Research*

*Faculty of Education*

*University of Oslo*

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## **ABSTRACT**

One of the main elements of the ongoing public sector management reforms worldwide is the creation of executive agencies. Since 1987, the government of Ghana has reformed most of the sectors of the economy. Key among them is the creation of agencies for specific tasks. Creating agencies has in a way become a novel in public sector reform processes. Some of the important research questions in the literature are the justification for their creation, how much power do these agencies have and how much are they controlled by their sector ministries. This study examines critically one of the agencies created by the government of Ghana. It focuses on the issues relating to the history of the agency, the organizational structure of the agency, the governance structure, the status of change and the autonomy and control of the agency. In addressing these issues, the study uses a qualitative approach for data collection.

The study argues that; the GETFund was created because of the quest to find a solution to specific problems with respect to higher education funding in line with the New Public Management (NPM) ideology. The study also highlights the extent to which the Ministry of Education controls the agency and how much formal legal power the agency has and the level of power it has in practice. While the NPM ideology appears to be very imperative for the management and administration of the public sector, the government of Ghana needs to deal with both institutional autonomy and control issues if it is to gain positively from the NPM reform processes of which agencies are part. The study argues that if these autonomy and control issues are addressed properly by giving the GETFund independent more appropriate level of autonomy, the Fund can use its human and other resources to the fullest, but as it stands now, it appears that the GETFund does not enjoy its statutory autonomy leading to a clash of goals and other related issues.

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## **Abbreviations**

AFRC -Armed Forces Revolution Council

FTE-Full Time Equivalent

GIJ-Ghana Institute of Journalism

GES- Ghana Education Service

GETFund- Ghana Education Trust Fund

GET-Ghana Education Trust

GDP-Gross Domestic Product

HDI-Human Development Indices

IMF-International Monetary Fund

IPS-Institute of Professional Studies

KNUST- Kwame Nkrumah University of Science and Technology

LDCs-Less Developed Countries

NDC-National Democratic Congress

NAFTI-National Film and Television Institute

NLC-National Liberation Council

NPP-New Patriotic Party

NPM-New Public Management

NRC-National Redemption Council

OECD- Organization for Economic Co-operation and Development

PNP-Peoples National Party

PNDC-Provisional National Defence Council

SSNIT-Social Security and National Insurance Trust

SMC- Supreme Military Council

UNIDO- United Nations Industrial Development Organization

VAT-Value Added Tax



# **CHAPTER ONE: INTRODUCTION**

## **1.1 Introduction**

Since independence, financing higher education in Ghana has always been the sole responsibility of the central government. Students enrolled in public universities of Ghana have enjoyed tuition free education, free room and boarding, and even the provision of allowances to cover living expenses and academic amenities, such as textbooks. This condition lasted until the end of the 1960s, when the education budget bloated to the level that government could no longer afford to remain the sole sponsor of education in the country. The result of this was the neglect of certain sectors of education, particularly higher education.

Besides, with the government's policy of secondary education as a tool of national development, there was the push to increase the number of secondary schools in the country. The Ghana Education Trust (GET) was established in the Nkrumah's regime in 1957-1964. This steered the founding of nineteen secondary schools by 1964 throughout the country (Quist, 2003). By 1966, before Nkrumah's government was overthrown, there were 105 public (government approved) schools and 45 private schools with a combined total enrolment of 48,568. But, as it happens to policy implementation in most developing countries, this policy came without an equivalent strategy to expand facilities at the universities. The result was a complete deterioration of academic building and facilities, overcrowding at universities residence halls, and a lack of academic staff to boost serious academic commitment at the universities. Clearly, government alone could not afford the responsibilities of funding tertiary education in Ghana. Higher education has been predominantly free with no tuition fee and government providing for accommodation, boarding, and allowances for books and living expenses (Sawyer, 2001). Budget constraints and developments in the 1960s called for shifting some of the responsibilities to the students, albeit tuition fee remained free.

While the budget for education was increasing, other public and social services were competing for limited government financial resources, so there was the need to introduce some kind of cost sharing mechanism. Obviously, from the perspective of necessity to offer free primary and secondary education in the country, if there is any policy of cost sharing, it was politically preferable to focus on the tertiary levels of education. In view of this, the government introduced a meagre cost sharing mechanism by establishing a student loan scheme in 1971,

which was dismissed within its few years of operation due to a military coup d'état that toppled the government. The rationale of the loan scheme was to reasonably spread the cost of education among the students, parents and government, yet the new government reintroduced the tuition-free policy in higher education.

Even though from 1990, when a cost-sharing policy was reintroduced, students and their parents contributed towards the costs of their education, higher education continued to take a sizeable part of government annual budget. But higher education remained under funded, because the contributions of students and their parents were woefully inadequate. Institutions were faced with numerous challenges, such as the increasing rate of the number of tertiary education students, deterioration of academic and residential facilities, lack of better pay incentive to reward academic staff, brain drain, quality and relevance of academic programs to national development agenda, and other related problems. These and other problems remain the hallmark of higher education development in Ghana (Sawyerr, 2001).

## **1.2 Background**

Faced with diminishing financial resources, the government contracted with the Ghana Commercial Bank and agreed to provide students with loans of a specific amount, which would be repaid after graduation when students begin to work. This loan agreement with the Ghana Commercial Bank was first introduced in 1971. It was suspended in less than a year of its operation owing to opposition from students and a military coup d'état that ousted the government out of power, but was reintroduced in 1995. The purpose was to provide students with some income to defray expenses on books, living and other educational amenities by the students. Faced with huge financial difficulties and inability of students to pay back the loans, the government and the Ghana Commercial Bank agreed to suspend the operations of the scheme and look for a new solution. In 1998, a new loan scheme called Social Security and National Insurance Trust (SSNIT) was established to replace the previous loan scheme.

In Ghana where the higher education system is constitutionally funded by the state, the introduction of cost sharing policies have not only been politicized and rejected, but also brought inequalities making higher education the exclusive for the socially privileged. Aware of these predicaments, and appreciating the importance of higher education to national development, Parliament passed a bill that created the Ghana Education Trust Fund (GETFund

Act, 2000, 581) in 2000, which levies a 2.5% Value Added Tax (VAT) on goods and services to complement government budgetary allocations to education. The aim is to offer financial resources to support all educational institutions and offer financial assistance to genuinely needy and academically talented students. Hence, this study is the analysis of how far the Fund has come, the history behind the establishment of the Fund, the organizational and governance structure of the Fund, the changes that have taken place since the Fund was established, the development of the mandate of the Fund. The study also examines its operations with regard to the criteria for accessing the Fund, the quality control system put in place, monitoring mechanisms and more importantly how much autonomy the Fund has and how much control exerted by the Government.

### **1.3 Research Problem and Questions**

My choice is to study the GETFund from a specific analytical perspective, that is, public choice theory and principal-agent theory. Taking that as a starting point, the overall research problem is formulated as follows:

How can the establishment, development and the functioning of the Ghana Education Trust Fund (GETFund) be interpreted?

Based on the overall research problem, the following research questions have been formulated:

1. How has the functioning of the GETFund developed since its establishment?
2. How is the GETFund organized and governed?
3. What are the main change drivers with respect to the GETFund?
4. How has the organizational autonomy of the GETFund developed since its establishment?

### **1.4 Objectives of the study**

My objective of studying the Ghana Education Trust Fund (GETFund) is to get a larger picture of how higher education is funded in developing countries in general, and in Ghana particularly by the use of schemes. It is hoped that my studies will contribute greatly to the debate taking place in countries that are trying to develop policies to address funding problems. This study

appraises the impact of the GETFund's contribution toward the development of higher education in Ghana. The primary goal of the study is a systematic and objective assessment of the opinions of people about the implementation, and operations of the GETFund. As an evaluation study, the objective of this study is to determine the relevance, fulfilment and sustainability of the GETFund.

Moreover, studying GETFund is critical since it has become the main tool the government is using to finance education in Ghana and the fact that the source of resources accrued to the Fund comes from the taxes the people of Ghana pay. This means that almost every Ghanaian has an interest in the working of the GETFund and therefore throwing light on the operations of the GETFund is of importance to the people of Ghana.

Furthermore, most of the studies on the GETFund until now were quantitative in nature. On this basis, the researchers have been able to show clearly the extent to which GETFund had contributed to the development of higher education in Ghana, but they failed to explain in details the development of the GETFund itself including its history, how much autonomy the Fund enjoys versus how much it is controlled by the government, and changes that have taken place in the nature, organization, governance and operations of the GETFund as a public agency. Most of the explanations provided are based on the researchers' assumptions. It is against this background that the study aims to fill that gap by conducting a thorough research through a qualitative approach.

## **1.5 Significance of the Study**

The study can contribute to a better understanding of Ghana Education Trust Fund (GETFund) and the funding system. As suggested by Osborne & Gaebler (1992,p121) “one needs to measure results to tell success from failure to reward success”. This study will inform policy makers to improve the efficiency with regard to administration, management and sustainability in terms of scope of the GETFund. The report of the study may serve as a guide for other developing countries, especially those of Africa, who are grappling to disentangle financial problems associated with their higher education system.

Additionally, the study may open another dimension of policy making and implementation processes in developing countries. A particular consideration may be given to the possible implication for the understanding of the higher education funding practices in developing

countries . Moreover, the product of this research may provide additional sources of information to the literature on funding of higher education in developing nations, especially Sub-Saharan African countries. This study may offer an alternative approach to investigate the controversy over financing higher education with tax income.

## **1.6 Limitation of the Study**

The study has its limitations. The qualitative nature of this study limits the ability to explain the extent to which revenue generated over the years has been utilized. Furthermore, due to time and capacity constraints this study was conducted in only one agency with a very small sample. Again, because of time constraint, the researcher was unable to conduct more interviews that could have helped to gather more information or data. The GETFund is only a part of the whole funding system in Ghana and therefore this study can explain for specific aspects of the working of the funding system. Nevertheless, the study has provided some baseline information that may be useful for other researchers and further studies as it highlights very important issues within GETFund.

## **1.7 Organization of the Study**

Chapter one introduces the study and contains a brief description of higher education in Ghana. It also presents the research questions, objectives of the study, significance of the study and limitation of the study. Chapter presents a historical overview of the governance and economic structure of Ghana. Chapter three sets out the study's analytical framework and literature review. Chapter four takes care of the study's research design and the methodology used in the study, the ethical statement that had guided the researcher in data collection. Chapter five presents the empirical research findings, analysis and discussion of the findings, and chapter six provides conclusionary remarks about the overall aspects of the study.

# **CHAPTER TWO: HISTORICAL OVERVIEW OF POLITICAL GOVERNANCE, ECONOMIC AND EDUCATIONAL STRUCTURE OF GHANA.**

## **2.1 Introduction**

Tertiary education worldwide is facing challenges that have arisen in many respects from the dynamics of globalization, which sees the knowledge economy as the main driver for economic, information, and communication development (Holm-Nielsen, 2001). Secondly, "tertiary education is really crucial to the creation of the intellectual capacity on which knowledge creation and use depend and to the advancement of lifelong learning practices necessary to update one's knowledge and skills" (Holm-Nielsen, 2001: 3). But, the challenges facing higher education in Ghana leave much to be desired. With the continuous decline of physical resources, the lack of financial resources and its consequences on access and affordability, low faculty retention due to low faculty pay, inadequate academic resources such as textbooks, and the over-reliance on traditional approaches of teaching, African institutions of higher education are abridged to the level of an empty vessel, whose quality of programs is not comparable to the skills needed for the ongoing global social and economic revolution.

While challenges are abound in higher education in developing countries, there is no challenge that is more urgent than financial severity of institutions. In Ghana and other developing countries, financial constraints slow down effective academic development. "The fiscal constraints experienced [by institutions] in recent years have further challenged their financial capacity to carry out further expansion of the public tertiary education system while maintaining satisfactory levels of quality" (Holm-Nielsen, 2001: 5). The need to expand facilities, increase resources, and expand enrolments can be made possible with enough resources but, the reality is that, there is a lack of resources to finance them.

What follows, is a brief presentation of the history of the governance and economic structure of Ghana. This part records the evolution of regimes that have tried to bring some solutions to the funding of higher education in Ghana. The second part would touch briefly on higher education in Ghana, with a particular focus on higher education funding. The last part would throw light on loan schemes in Ghana over the years.

## **2.2 Historical overview of governance and economic structure of Ghana.**

The CPP, a socialist party headed by Nkrumah with its motto of “Self Government Now” garnered independence for Ghana and governed till 24 February 1966. The Nkrumah's government was overthrown by a military cum police regime, the National Liberation Council (NLC) which ruled and organised a transition that paved the way for a civilian government of the Progress Party (PP) to usher in the Second Republic when winning the 1969 elections. The Progress Party, through a liberally oriented government ruled briefly for 23 months and was overthrown by another military regime, the National Redemption Council (NRC) on 13 January 1972, which later transformed into the Supreme Military Council (SMC). On 5 July, 1978 a palace coup was organised by senior ranks within the SMC government- a change in the leadership under the same government. On 4 June 1979, a revolution by junior officers of the Ghana Armed Forces formed the Armed Forces Revolution Council (AFRC) after overthrowing the SMC II government. After 112 days in office, the AFRC organised a transition to which the People's National Party (PNP) won an election and was sworn into office in September 1979. The Third Republic led by PNP was briefly in power and was toppled by the Provisional National Defence Council (PNDC) on 31 December 1981 which ruled for eleven years, organised a transition and handed over paradoxically to a civilian government, the National Democratic Congress (NDC) -the common denominator between the PNDC and NDC was their leader.

The civilian government accomplished its first term and won a second term by winning the 1996 elections. In 2000, in an extraordinary manner, a constitutionally chosen government, NDC handed over to another party, the New Patriotic Party (NPP) when the latter won the 2000 elections. The NPP also became a two-term government after winning the 2004 elections. The NPP lost closely to the NDC in 2008 and assumed the reins of government from the former. Currently NDC government is still in power as they won the 2012 elections.

The history of governments in Ghana in brevity has been one symbolised with irregularities, incoherence and polarization epitomised by military takeovers which shortened constitutional orders and became a great source of political instability. But from 1992, the country has been relatively stable politically considering the unstable political nature of the African continent. All these periods, the countless regimes have been probing for ways and funds to finance education especially higher education.

Ghana's economy, like most of the Less Developed Countries (LDCs) is agricultural with 68% of the population in the agricultural sector, which accounts for 51% of the Gross Domestic Product (GDP) and 10% of the labour force. The employment sector is made up of the public sector (11%), semi-public parastatal (2.9%), private formal (2.8%), and private informal (2.4%) and others (2.9%). The unemployment rate is 11.2% (Ghana Statistical Service, 2010).

The structure of the economy has not in fact changed that much since the end of the colonial period as it still depends on the primary sector of agriculture, mining and forestry for foreign exchange and employment. Cocoa was and still is the pillar in the largely agricultural subsistence economy. It is the single largest contributor to agricultural GDP (45%), and Ghana is the second leading producer of cocoa in the world. In 2007, 35% of Ghana's GDP and 60% of total employment were in agriculture (ibid). For the mining sector, Ghana is endowed with minerals such as gold, diamond, bauxite, manganese, as well as salt.

In 2007, offshore petroleum exploitation identified significant oil discoveries. In essence oil has been discovered in commercial quantities and it is projected to flow and transacted in the latter part of 2010. In 2008, Ghana garnered its highest GDP growth of 7.3% but fell by the end of 2009 to 6.2% (Ghana Statistical Service 2010). The GDP per capita PPP for 2008 was \$1500 and the GDP PPP was \$ 34.2 billion (ibid). According to the Human Development Indices (2009, p 35), 27% of the population lie below the international poverty line of US\$1.25 a day, 78.5% live below the US\$2 a day, Ghana's per capita income has barely doubled in the last 45 years. The national currency is the Ghanaian Cedi which was redenominated in July 2007.

### **2.3 Historical Overview of Higher Education System in Ghana.**

Even though the very first higher education institution or university to be precise was established in 1948, the provenance of higher education predates the 1940s. In 1924, the foundation stone for Achimota School was laid by the colonial administration. The school started with full kindergarten and teacher training classes but at the outbreak of the Second World War, Achimota offered pre-university education, engineering, and external degree courses of the University of London were established. In 1935, the first student obtained his degree. Thus the secondary school offered higher education programmes even before institutions of higher learning were brought forth in Ghana (the then Gold Coast).The move



towards institutionalising university education in the Gold Coast began with the establishment of two Commissions- the Asquith and Eliot Commissions by the colonial government. The former was tasked to investigate higher education and it recommended the setting of universities affiliated to the University of London. The latter was tasked to investigate the feasibility of higher education in British West Africa. In recommending to the British colonial authorities, the Eliot Commission produced two reports- the first, a majority report which recommended the setting up of universities in the Gold Coast and Nigeria and a minority report which recommended the setting up of only one university in British West Africa specifically in the latter country. The colonial administration accepted the minority report. The people of the Gold Coast led by Dr. J.B. Danquah vehemently protested to the British government and clamoured for a university on their own land even if they were going to foot its establishment. The authorities heeded to the local pressures and in 1948, the University College of the Gold Coast was founded by Ordinance for the purpose of providing for and promoting university education, learning and research (Agbodeka, 1998). The university college was initially sited on Achimota campus until some years later it relocated to the current location, Legon. In 1961, by an Act of Parliament, the University College of the Gold Coast became autonomous from the University of London known as the University of Ghana.

Appreciating the importance and indispensability of science and technology to the socio-economic development of the country, the CPP government set up the Kumasi College of Technology in 1952. A decade later, it was upgraded to university status and became known as University of Science and Technology (now Kwame Nkrumah University of Science and Technology). The Ten Year Development Plan drawn in 1946 by the colonial administration, the Accelerated Development Plan of 1951 and subsequently, the Education Act of 1961 made primary and middle school education free and compulsory. The Ten Year Development Plan also provided for a wide expansion and improvement of primary, secondary and technical education and teacher training. All of which required a massive increase in the number of professional teachers, the University College of Cape Coast was established in 1962 and affiliated to the University of Ghana (Effah 2003). In 1971, it became an autonomous university known as the University of Cape Coast. In 1992, the University of Development Studies and the University College of Education in Tamale and Winneba respectively were established.

The polytechnic sector in Ghana is relatively young. Polytechnics in Ghana were set up as technical institutes to respond to the industrial and technological policy of the 1960s by training manpower for national development. They were second cycle institutions under the supervision

of the GES. They were upgraded to tertiary education institutions and thus integrated into the tertiary education sector with the ushering of the 1991 reforms in tertiary education. The first polytechnics (then technical institutes) were set up in Accra, Kumasi and Takoradi.

There are professional institutes in addition to the universities and polytechnics. The Institute of Professional Studies (IPS) which was established as a private institute to provide training in professional courses for persons desirous of taking the relevant examinations to become professional in a specific field was subsumed under the government in 1978. Under the IPS Decree 1978 (SMCD200), provision was made for its management and operations under the public system (Effah et al. 2001). The Ghana Institute of Journalism (GIJ), the Ghana Institute of Languages (GIL) and the National Film and Television Institute (NAFTI) are also popular professional institutes in addition to the IPS.

## **2.4 Higher Education Funding in Ghana.**

It is important to state that the financial challenge faced by higher education institutions remains the main object of this study. Irrespective of the challenge facing higher education, it would not be an over-exaggeration to speak out that the root cause of most of the problems facing higher education is the lack of financial resources. In this sense, then, funding higher education spins around the economic viability of the country. Ghana, with its relatively weak economy, has experienced financial crises throughout its history as an independent nation. In a study entitled “The Impact of Structural Adjustment Program on Access to and Quality of Tertiary Education” it was indicated that there was a decline in 1983 in government spending on higher education on Full Time Equivalent (FTE) (SAPRI, 2001). At the same time, in the midst of this decline there was a radical increase in enrolment of 80 percent and the number of polytechnics increased from six to eight as a product of the reform agenda. However, instead of advancing higher education with subsidies and loans, the students' loan scheme rather suffered a deficit of US\$ 16 million (SAPRI, 2001).

It is documented that Ghana's economic position during the 1950s was one of the most developed in sub-Saharan Africa. Per capita income relatively was very high by African standards, and the educational system was one of the best in the continent (SAPRI, 2001). Inappropriately, poor economic policies associated with a lack of good governance and an administrative disorder ruined the economy. The problem, as a result of unchecked

militarization in the political system accelerated through the 1970s through the 1980s and to this day. The SAPRI Ghana (2001) study observes that the 1985 governmental education budget dropped to the level of one-third of its 1976 size. The percentage of Gross Domestic Product (GDP) allotted to education declined from 6.4 percent in 1976 to 1.0 percent in 1983 and somewhat went up to 1.7 in 1985 (SAPRI, 2001).

In the same manner, it is estimated that the governmental discretionary budget on education is over 40 percent. The Tertiary education share of the recurrent budget is 12 percent (Effah, 2003). At the same time, the government is not able to meet the whole estimated budget that institutions have presented. In 1998, the government met only 50 percent of the agreed budget for universities. This indicates the gravity of the financial weakness of institutions in Ghana.

Because government allocation to higher education is not enough to cover the running costs of universities, students have been made to contribute partly toward the costs of their education. First in the 1998/99 academic year students were charged to pay between \$20 to \$40 per year as fees for accommodation (Effah & Adu, 1998). This was considered as part of student maintenance fee. Yet, covering tuition costs remains the sole duty of the government. Institutions are also required to adjust the cost of maintenance periodically. By 2005/2006 students at the KNUST were paying ₵190,000 (US\$2,089) and ₵174,000 (US\$2,012) as fees for freshmen and continuing students respectively (ibid). At the same time the universities have introduced a dual track policy where students are admitted to pay for their tuition and other minor costs.

## **2.5 Loan Schemes.**

Clearly, government alone could not have enough money for funding tertiary education in Ghana. Higher education in Ghana has been free of tuition fees and government providing for accommodation, board, and allowances for books and living expenses (Sawyerr, 2001). Budget constraints and developments in the 1960s called for shifting some of the responsibilities to the students, though tuition remains free. Faced with diminishing financial resources, the government contracted with the Ghana Commercial Bank and agreed to provide students with loans of a specific amount, which would be paid back after graduation when students begin to work. This was first introduced in 1971 but was suspended in less than a year of its operation due to opposition from students and a military coup d'état that overthrew the government out

of power but brought into effect again in three years later. The purpose was to provide students with some income to bear the costs of expenses on books, living and other educational amenities by the students. Sawyerr (2001) noted that for the 11 years of its operation, a total of ₵33.5 million (US \$ 375,560) was allotted to the scheme by students. Of this, only ₵185,000 (US\$2,074) was paid. This created a financial hindrance for the Bank and combined with the high level of inflation in the country, a new policy framework was vital. Hence, the Social Security and the National Insurance Trust (hereafter SSNIT) was added to participate in the scheme (Sawyerr, 2001). With the growing problems of recovery and the increasing numbers of tertiary students a new policy framework orchestrated with the World Bank, in the continent was agreed.

In addition, government greatly subsidized the interest rate on behalf of students. Students were supposed to pay 3% as interest, which was supposed to increase to 6% in the 1990s. However, student borrowers who gain employment could elect to repay their debt through their own contribution to the scheme and a corresponding contribution by their employers (Sawyerr, 2001). In this sense, with the current contribution rate of 17.5% of basic salary, refund of loan does not adversely affect the individual's take home pay of the borrowers.

With all these favourable terms for student borrowers, the student loan scheme continued to be faced with challenges, which included administrative problems on behalf of the SSNIT, that have made it difficult to track students especially those not in the public sector; while graduates not securing jobs immediately after school and those living outside the country after graduation have made recovery rates very poor. Worse of all, the extensive devaluation and inflation rates have affected the value of the principal amount owed by students (Sawyerr, 2001). These and other challenges have affected the successful operation of the scheme that has put the scheme into severe debt. It is evident that students owe up to ₵1.4 trillion (about US\$154, 696,133) since its commencement (Bimpong, 2004). With the high rate of non-payers, it has become increasingly difficult to embark on any successful loan scheme in Ghana. A study by the Buffalo Graduate School of Education provides a detail account of the amount of money owed by students.

The Ghana Education Trust Fund (GETFund) was established by an Act of Parliament 581 on August 25, 2000, to accrue extra revenue to develop the nation's educational system at all levels. Specifically the GETFund Act 581 2000 indicates that money accrued to the Fund is meant for the following expenditures: to offer financial resources to support all institutions in

expanding their infrastructural and academic facilities, to provide extra financial resources for needy but brilliant students in the form of scholarships and grants, to generate revenue to maintain the student loan schemes for nationwide accredited higher institutions, and to give grants to higher education through the National Council for Tertiary Education (GETFund Bill 581) .

The main sources of the Ghana Education Trust Fund are received from 2.5 percent of the Value Added Tax levied on goods and incomes, parliamentary appropriations to education, revenues from the Fund's investment returns, grants, donations and gift from organizations, and other donors of the Fund (GETFund Bill 581).

Allocation and disbursement to the GETFund has increased over the years to the extent that it sometimes goes beyond the expected budgetary allotments. For example, in 2001 in his financial statement for the year presented to the parliament of Ghana, the Minister of Finance made it clear that the expected revenue from the GETFund for the year is 358.3 billion (Budget Statement, March 2001, line 253). Much of this money is allocated for infrastructural development in universities and schools. In total 497 billion cedis was allotted for 2001 and 390 billion was allotted for 2002. By 2003, the amount had increased to the tune of 400 billion and 700 billion, and in 2004 and 2005 parliament approved 700 billion and 1.1 trillion respectively (Minister of Education Memorandum to Parliament, GETFund, 2005).

The Fund continues to add to the previous expenditures. The approximated revenue for the year 2004 was 700 billion cedis (US\$ 81,871,345), an increase of 75 percent over the 2003 fiscal year. Of this money, 74.4 percent (¢ 512,000,000,000) was to be paid for infrastructure development for all institutions; 33 billion cedis was reserved for scholarships with 60 percent of this meant for female students; and ¢35,000,000,000.00 (25 percent) of the Fund allocated for faculty development and research (Minister of Education Memorandum to Parliament, GETFund, 2005). This drift keeps shifting depending on the needs of higher education institutions and the availability of resources for a given year.

## **CHAPTER THREE:LITERATURE REVIEW AND THEORETICAL FRAMEWORK**

### **3.1 Introduction**

This chapter discusses and analyses the most recent literature on the public sector reforms in order to expand and deepen our theoretical and conceptual understanding in relation to the creation of agencies within the broader public sector reforms. This is essential because without understanding the history of the administrative reforms, albeit in brief, it is rather difficult to understand the debate about the recent public sector reforms in general. The first section discusses literature addressing six main themes, that is: Reforms in the public sector, the NPM and public sector management, NPM and agencies, why agencies? How are they controlled by their sector ministries? Organizational structure, and governance structure of agencies.

This study is focused on the GETFund as an agency in Ghana. It draws attention to the history, and organizational and governance structure of the Fund. A discussion of the relevant scholarly literature on public sector reforms of which the creation of agencies is part helps us to understand its significance in national policy formulation, planning and implementation. It will also help us to understand the role the GETFund plays in the governance of higher education and the purpose for its contribution therein. Furthermore, this part explains the influence the Fund is likely to have on the higher education. In the second section, the analytical framework is presented. Two theories are discussed. That is, the public choice theory and the principal-agent theory.

### **3.2 Literature Review**

#### **3.2.1 Reforms in the Public Sector**

In the last decades many countries around the world have initiated public sector reforms (Pollitt and Bouckaert, 2004; Christensen and Lægreid, 2007). An important goal of these reforms was to rearrange and reorganize public organizations in the government's quest to deliver quality public services against a lower level of expenditures (Boyne et al., 2003).

It has been argued that the current public sector reforms have arisen on the basis of a critical discussion of the Weberian administration model and that the reforms can be seen as proposing mechanisms for overcoming the shortcomings of the Weberian model (Parker and Bradly, 2000). Strikingly, the Weberian model was itself a major reform drive that emerged in the late 19th century as a reaction against an old support system of public management (Bourgon, 2007). In this earlier administrative system, a king or other ruler in power could employ public servants on the basis of favouritism, loyalty and friendship. An example of such a system was the so-called 'spoils system' of administration in the United States in the early 20th century, in which a winning political party could hire its own friends and followers to positions in the government (Hughes, 2003), making the public administration ineffective and fraudulent (Gruening, 2001). In the US, President Woodrow Wilson was the one who, unhappy with the spoiled administrative system, planned a number of administrative reforms including an effort to separate politics from the tasks of public administration (Mutabaha, 1993). President Wilson demanded a new science of public administration built on a clear separation of politics from public administration activities. He believed that public administration should be undertaken by the trained professional technocrats. In addition, he anticipated a public administration that is hierarchically organised and which is managed through a system of ordered ranks of professional administrators.

As indicated, these ideas can be associated with the work of Max Weber, a German sociologist who had written about the need to adopt rational systems for administering public organizations. Weber made a plea for the establishment of neutral and rationally-based administrative systems. Together these thoughts are the foundation of the traditional public administration model, which fashioned public administration systems throughout the last century.

### **3.2.2 New Public Management (NPM)**

Since the mid-1970s, management theorists have discussed a model of management that is introduced to overcome certain flaws of the traditional Weberian administrative model and to contribute to a more effective public service delivery. New Public Management (NPM) has gotten a lot of attention in the theoretical thinking about how to improve output and effectiveness in public sector management (Parker and Bradley, 2000; Hood, 1991). It includes most of the structural, organizational and managerial changes taking place in the public sector

that are aimed at bringing public management closer private sector management practices (Batley and Larbi, 2004).

NPM is occasionally defined as a new paradigm in public sector management. For instance the OECD (1995) stated that a new paradigm of public management has arisen, aimed at nurturing a performance concerned with culture and a less centralized public sector. According to Schedler and Proeller (2007), NPM is striking to reformers because it supplies reform ideas that are extremely needed to solve the apparent problem of traditional public bureaucracies. They propose that NPM contains a reform 'tool-kit' needed by politicians and reformers who seek to answer the problems of public administration. Many governments and supra-national organizations have used the NPM ideas as a framework through which public organizations can be re-invented for better performance. It has been seen as a means by which the public sector is to be transformed from traditional bureaucratic structures to more efficiency oriented and market-driven management systems.

The NPM is extremely hard to define. It is commonly described as a bag of reform ideas and practices whose core background is from private sector management (Aucoin, 1990). Generally speaking, the NPM movement was motivated by diverse theoretical ideas, specifically new institutional economics and some strands of management theories. For example, from new institutional economics came an emphasis on clear performance goals and motivation structures as a means to enhance performance of public sector organizations while the idea that discretionary power and managerial freedom was necessary for organizations to achieve results came from managerialism (Aucoin, 1990). As noted above, although there is no agreement on the precise definition of NPM in the relevant academic literature, Hood's (1991) seven administrative reform principles have often been cited as the most common characteristics of NPM. These are first- the shift to the disaggregation of public administration, second- contract based and competitive delivery of public services, third- the introduction of the private sector management principles in the public sector, fourth- an emphasis on discipline, parsimony, and economy in the use of scarce public resources, fifth- a transparent and results-oriented public management, sixth- the introduction of formal and measurable standards and benchmarks of performance; and finally, a greater emphasis on output controls. These seven principles were assumed to revive productivity and the efficiency of public sector management. They are said to offer both the reason behind and many types of reform design as well as the creation of agencies. Indeed, NPM ideas are very noticeable on many government's reform programmes, as governments try to bring down the size of their public sector and introduce efficiency. Ehsan



and Naz (2003) maintain that NPM has progressed from the level of ideas to practice and many countries have already executed major reforms based on NPM ideas.

### **3.2.3 NPM and Agencies**

One of the striking distinguishing features of NPM reforms worldwide has been the emphasis on executive agencies (Pollitt et al., 2004, James, 2003). Creating agencies consists of the process of breaking up or splitting the huge centralized public bureaucracies into semi-autonomous public organizations. They are intended to be independent and most of them have the same status as their mother departments/ministries. The notion is that the core government functions can stay organized within smaller political and bureaucratic units that oversee flatter, less hierarchical, task-specific and-result focused public organizations. In an NPM best archetype, agencies are fashioned with a number of autonomy-enhancing features, including financial and human resources autonomy, which go with strict performance result responsibility for Chief Executive Officers (CEO) (Ayee and Joshi, 2008; James, 2003).

The practices of agency formation may take diverse forms. In many circumstances it is done by splitting up ministries or major departments into distinct and task-specific units. Executive agencies may also be formed by amalgamating different components in a department, but they can also be formed by founding a new unit within the Ministry. Different instruments such as legislation, executive order, decree or constitutional requirement are some of the means by which agencies are created (Thynne, 2006). The UK's Next Steps Agency programme has motivated many countries. This model has been an important frame of reference for countries such as Tanzania, Ghana, Jamaica and Japan (Caulfield, 2006; Nakano, 2004). Executive agencies have become an important tool for enhancing public sector performance. Even in countries with a long history of putting public functions at arm's length of government such as Sweden, old agencies have been repacked in line with NPM-ideas. In Sub-Saharan African countries, agencies are mostly created, subsidized and supported by international financial bodies like the World Bank, the International Monetary Fund (IMF), and other Western donors. They provided both practical and fiscal support (Larbi, 1998).

### **3.2.4 Why Agencies? How are they controlled by their sector Ministries?**

The purpose for the creation of agencies in Ghana and the problem of control over these agencies by their responsible sector Ministries are central to this study. The aim of this literature assessment is to place this study in the perspective of other more general studies that have been done so far in order to draw proper lessons. This section will have two parts: the first part being about the purposes for the creation of agencies and the second part will discuss about how agencies are controlled by their sector Ministries.

The question of why agencies have become a primary component of public sector reforms has been theoretically and practically addressed in the current literature. Elgie (2006) has studied in recent years the growth of the so-called Independent Administrative Authorities in France. His central aim was to understand and explain why governments are progressively entrusting the responsibility of public functions to quasi-autonomous agencies. He studied a number of theoretical studies that deal with the subject of delegation to non-majoritarian institutions and identified a number of tentative hypotheses. Some of his hypotheses were established from a rational theoretical viewpoint, which proposes that agencies are formed by governments because they are more competent (beneficial to politicians) than the traditional units. Indeed, Elgie (2006:208) has contended that the rationality of this theoretical perspective is a functional one: "these non-majoritarian organizations help to lower operation costs and streamline mutually beneficial support among rational egoist actors". Following Thatcher and Sweet (2002), Elgie acknowledged ways in which entrustment of responsibilities to agencies may decrease transaction costs. First of all, delegation can decrease the costs related with incomplete information. The reason here is that in areas of high policy difficulty the government can profit more from delegating decision making power to technical specialists.

Creating agencies can additionally be used by the government to put into effect policy programmes that are not generally approved or accepted. In this respect, Elgie (2006:208) has noticed that delegation can help governments move the blame for unapproved policies to these non-majoritarian institutions. It will aid politicians to get recognition when policies are popular or have been well executed, but when there are severe policy let-downs, these institutions will bear the blame and politicians would easily escape criticism.

Though this 'functional logic' based on rational choice theory has considerable effect on the creation of agencies and public sector reforms in general (Boyne, 1998), Thatcher (2002 cited

in Elgie,2006:209) suggests that the motives for the creation of agencies cannot only be described on the basis of a rational theoretical perspective as there is no spontaneous link between functional advantages (benefits) of delegation and the creation of agencies. As an alternative, the choice of delegation must be explicated rather than expected. Thatcher (2002) has thus recognized the subsequent factors for the creation of agencies. First, the choice to delegate may be the result of a more general process of institutional similarity, or cross-national policy transfer. Secondly, the choice to delegate may be part of a broader process of state reform. He records that in some countries,there has been a general fashion towards the introduction of new public management reforms, of which the creation of agencies may be an integral part.

A large part of current literature on the control of agencies by their sector Ministries (departments) has used the principal–agent theory as their core analytical tool.The idea of control is here defined as the devices or tools used by the government to deliberately affect the behaviour and action of agencies so that the government’s purposes are attained (Verschuere, 2007). Following Thompson (1993) we differentiate between "ex ante and ex post control devices". According to this author, while an ex ante (before-the-act) control aims to avoid subjects from doing unwanted things or force them to do the right things, an ex post mechanism (after-the-act) is aimed at examining whether or not the actor(s) have obeyed and kept to principles/rules set by the watchful authority. As this point, this literature understands the control of agencies as a problem that the principal (sector ministries) is possible to face when events are delegated to agencies because of two central factors: goal confusion and information irregularity between the principal and its agencies (Kassim and Menon, 2003). As will be shown shortly, these two factors call for the principal to build institutional preparations that would guarantee that agencies accomplish their tasks within the framework conditions set by the principal. This will confirm that the agency’s performance meets the principals’ expectations. The core understanding from this theoretical framework is that for the principal to optimally profit from the delegation of activities to its agencies, the principal must suffer what is called the agency costs (Kassim and Menon, 2003). Agency costs are experienced when the principal (government) enforces control measures on its agencies -which can take quite a few forms, such as structural control or the ex ante and ex post control measures (Verhoest et al., 2010; Roness et al., 2008).

Pollitt (2005) has analysed a number of studies that looked at the control relationship between agencies and their sector Ministries in the following countries: Canada, Japan, Latvia, the UK

and the Netherlands. Pollitt's analysis displayed that the autonomy–control relationship between agencies and their sector Ministries is vibrant, fluid and multifaceted. He cited, for example, an empirical study by Kickert (2001) which validated that the relationship between agencies and their sector Ministries in the Netherlands has turned out to be a difficult one and has not been an easy job (Pollitt 2005). This empirical work has additionally established that the type of primary responsibilities held by the agency impact the type of relationship that grows between agencies and their sector Ministries. It is, for example, revealed that most professional organizations have constantly enjoyed substantial de facto independence owing to their monopoly of specialist scientific knowledge, whereas in agencies that deal with bulk production (e.g. issuing driving licenses) a contract-like relationship is probable.

This discovery confirms previous studies by Wilson (1989), which revealed that the nature of an agency's major tasks could significantly impact on how that agency is controlled by its watchful authority. The core structures of the tasks in question are the observability and measurability of outputs/outcomes and the main argument here is that the degree to which outputs and outcomes of the agency's performance are observable and measurable may also impact the way that specific agency will be assessed. Observability may, for example, significantly appeal to the interest of a sector Ministry to comprehend what the agencies are truly doing and how effectively they are doing what they are doing.

Another empirical work studied by Pollitt, (2005) is that of Molander et al., (2002). This work is empirically founded on the Swedish public sector reforms for which the creation of agencies was a principal component. According to Pollitt, Molander et al.'s analysis is built on a broad documentary study and the use of certain quantitative data on government recruitment. The writers also referred to earlier studies on the same topic. In addition, Molander et al.'s research is based on principal–agent theory.

As revealed, the core finding of Molander et al.'s research is that the central Ministries in Sweden are facing severe problems with respect to their regulatory agencies and there was a requirement to fortify the government's practices and procedures to check agencies. The main flaws are ascribed both to a lack of capacity at the centre and to a lack of motivation. They witnessed that the central government had a low staff capacity for the thorough control of the large number of agencies in Sweden. In addition, the charge of directing agencies required highly skilled staff, but in practice there was a serious lack of such people in pertinent posts in central Ministries. As an outcome of these problems, politicians in Sweden turned to other

means of dealing with the power of agencies. These included building additional areas of discretion rather than working within clear sets of rules. Also, they made sure that this action worked by growing party political selection to senior positions in the agencies.

In a comparable evaluation of agency creation as part of public sector reforms in Latvia, Pollitt (2005:121) also found that control of agencies is feeble for the reason that "ministries lack the capacity, the authority and the system to control or check 150-plus national agencies". Similarly, in Japan the control of agencies is probable to be path dependent and stifling because agencies' leaders are mostly selected from the traditional and highly unified civil service. The main conclusion arrived at by Pollitt (2005) in his review of the empirical literature was that there is no existing and living example of the ideal NPM–agency model: the one that is tactically driven, performance result-based with considerable autonomy and with clear policy goals set by the sector Ministry. Rather the analysis has revealed that even in advanced government systems such Canada, Japan and the UK there is an on-going problem with respect to the control of agencies.

In their study Lægreid et al. (2005) used a wide-ranging documentary analysis of administrative reforms in Norway, jointly with a survey addressed to a number of important stakeholders, comprising board members of health enterprises and their highest management leaders. These two methods were accompanied by a case study method, which concentrated on three health enterprises.

Their study has presented numerous fascinating practical teachings as far as the autonomy and control of agencies are concerned. For example, in divergence to the rational or instrumental viewpoints which support results based control, the authors noted that the government continues to have its ability to control autonomous health enterprises through wider legal framework such as the Health Enterprises Act, together with the Hospital laws. This provides the Ministry with the right to coach and reverse decisions made by the autonomous health enterprises. In addition, because the state provides the budget for most of the hospital activities, the government has continued to control these autonomous health enterprises through the distribution of annual subsidies (Lægreid et al, 2005).

### **3.2.5 Organizational Structure**

The history of organizations is probably as long as the history of mankind. Early organizations, such as families or groups of hunters, came together to become tribes, kingdoms and empires. The need to survive in a competitive and challenging world, to undertake mission work too difficult for one person, and to share scarce resources, are just some of the reasons for the establishment of early organizations (Lunenburg & Ornstein, 2012).

Our modern society and its fast developing, sophisticated technology, which requires specialization of experts in almost every field, created an additional reason for the creation of organizations. Most products and services today are based on the combination of hardware, software, data and human skills, an integration which one person usually does not fully master. Thus, organizations in the form of teams are established to compete in today's world (ibid).

Organizations need a coordinated work of many people in order to be able to function efficiently and effectively. The theories behind division of labor and specialization are central to many of these organizations. Adam Smith in his book "An Inquiry into the Nature and Causes of the Wealth of Nations" (1776)- describes the manufacturing of pins using these theories of division of labour. The operation that he describes is a result of a well-planned process based on division of labor—each person engaged in repetitively performing a small part of the work needed to manufacture a pin, thus quickly becoming very efficient and effective in performing the assignment given to him (ibid).

Many studies have been conducted on organizational structure also in higher education. Organizations exist to achieve goals. These goals and objectives are broken down into responsibilities as the basis for jobs. Jobs are grouped into departments. Departments in organizations may be divided into marketing, sales, advertising, manufacturing, and so on. Within each department, even more differences can be found between the jobs people do. Departments are grouped to form the organizational structure (ibid). The organization's structure offers it the shape to achieve its goals in the environment (Nelson & Quick, 2011). The term organizational structure refers to the formal structure between individuals and groups concerning the allocation of tasks, responsibilities, and authority within the organization (Greenberg, 2011).

Mintzberg (1992) notes that organizations can be distinguished along three basic areas: (1) the main part of the organization, that is, the part of the organization that performs the major task

in determining its success or failure; (2) the key organizing mechanism, that is, the main method the organization uses to organize its activities; and (3) the type of decentralization used, that is, the extent to which the organization includes subordinates in the decision-making process.

Organizational structure has long been defined as a mechanism through which effort is amalgamated through the coordination and control of activities (Burns & Stalker, 1961). However, each mechanism presents a different impact on individual behavior, and therefore, the effects of each should be evaluated separately and then analyzed for a deeper understanding of the functional roles of structural forces in the workplace (Grunig et al., 2002).

Formal agencies are generally described as structures of coordinated and controlled activities that arise when task is included in networks of technical relations and exchange of ideas (Blau, 1970). Professions, policies, and programs are brought together along with the products and services and they are supposed to produce rationally (Meyer and Rowan, 1977). Organizational structure can be defined as the means in which tasks and power are allocated and workloads are carried out by organizational members (Blau, 1970). For example, good organizations have certain mechanisms that empower employees and allow them to take part in decision making (Grunig et al., 2002).

Robbins (1990) agrees with the above definition by saying that organizational structure determines job allocation, reporting lines, and formal coordination structures and interaction patterns. On the other hand, Goldhaber, Dennis, Richetto, and Wiio (1984) defined organizational structure as the coordination of relationships and duties existing throughout the organization. A key question in research on organizational structure is what is the best form of organization and why (L. Grunig et al., 2002).

To ensure the effectiveness and efficiency of organizations, the integrity of the program's accounting and financial reporting systems, including independent audits, setting evaluation policy, commissioning evaluations in a timely way, and supervising management activities and implementation of agreed upon recommendations are extremely important. Proper evaluation mechanisms lead to learning and programmatic enhancement (Blau, 1970).

Most changes in organizations since the turn of the century have been first-order change. One reason lies in the mixture of political and economic motives. It is argued that organizational reforms often represent symbolic rather than real change. They aim to satisfy community

pressure, make the institution appear novel or to gain more resources (Fullan,1991). Cuban (1988) distinguishes between first-order and second-order change. First-order changes are defined as changes aiming to make what exists more efficient and effective without disturbing the basic organizational features. There are no intentions to substantially alter the roles of the actors within the organization. Cuban uses reforms in organizations to exemplify the two categories of change. With first-order change, the goal is to improve quality control. It includes recruiting better personnel and administrators, raising salaries, allocating resources etc. Second-order change introduces new structures and roles that transform familiar ways of doing things with novel solutions to persistent problems. Reframing is a keyword that describes second-order changes (ibid). Appreciate organizational change beyond the formal framework involves critical observation of actual practices and actions at various levels within the organization (Kogan et al, 2006).

### **3.2.6 Governance Structure of Agencies**

In the framework of this study, governance consists of processes and interactions by which an organization engages and consults with its stakeholders and accounts for its achievements (UNIDO, 2010). Governance depicts how things are decided and then realized within an organization, be it a government or an agency. Governance is thus an important issue for any agency or organization and determines how they are directed, administered or controlled (ibid).

Governance concerns the structures, functions, processes, and organizational mechanisms that have been put in place within the agency to make sure that the goals and objectives of the agency are achieved in an effective and efficient way. It is a mechanism for transparent accountability to stakeholders within which agencies take decisions, and perform their functions, to achieve their goals. Good governance adds value by improving the performance of the employees of the agency through more effective management, more strategic and equitable resource allocation and service provision, and other effective improvements that lend themselves to improve outcomes and impacts. It also ensures the ethical and efficient implementation of its core mandate. Governance is concerned with “doing the right things”. The extent of governance should be equal to the size of the program in order not to result in a poor performance of an agency (Blau,1970).

The governing bodies of agencies typically exercise some core functions, That is: 1. Strategic direction, 2. Exercising effective leadership that optimizes the use of the financial, human,



social, and technological resources of the organization or agency,<sup>3</sup>. Establishing a vision or a mission for the organization or agency,<sup>4</sup>. Reviewing and approving strategic documents, and establishing operational policies and guidelines, and continually monitoring the efficiency of the program's governance structures and making changes as needed (OECD, 2004).

Governance also concerns monitoring managerial performance and program implementation. Giving approval to annual budgets, business plans, and appointing key personnel, supervise major capital expenditures are all part of governance. Instituting high performance and effective processes by coming out with an appropriate balance between control by the highest body and lowest levels constitutes governance. Monitoring compliance with all applicable rules and regulations, and with the processes and procedures of the organization or agency, as the case may be can be described as governance (ibid).

### **3.3 Theoretical Frameworks**

In this study the researcher will largely differentiate between rational choice perspectives and some strands in the new institutional theories. These theories are anticipated to provide some important explanatory factors on the subject of why executive agencies were formed in Ghana and how they are controlled by their sector Ministries. Fundamental arguments for each of the theories are presented in the following sections.

#### **3.3.1 Public Choice Theory**

At the core of the public choice theorization, particularly concerning the examination of bureaucratic incompetence is the argument that human beings are rational actors and utility maximizers (Self, 1993). According to public choice theory, it is this economic rationality which forms actors' behaviour and their successive choices in a political marketplace (Zafirovski, 2001). In opposite to the Weberian theory, which treats public officials as unbiased and 'technical' instruments for policy formulation and implementation, public choice theorists discard this generalization and as a replacement, make a case that bureaucrats and any other political actors are in fact egoistic, rational in their decisions (Self, 1993).

Therefore, one of the novelties of the public choice approach is to use the actions of a man in a market place where selections are made based on inherent self-interest and to relate this

modelling to the public policy investigation. By taking individual rationality and utility maximization as the starting-point, it is proposed that policy makers and bureaucrats will have a habit of making decisions that will also meet some of their own concealed interests.

The public choice theory treats bureaucracy as the first contributing factor to the public service ineffectiveness. For many public choice theorists, bureaucracy is seen as the basic feature of public sector inefficiency (Schwart,1994). According to Niskanen (1975) public bureaucrats are often concerned with their salaries, (benefits), power, and their main goal is budget maximization. So as to comprehend the expansionist nature of public bureaucracy, Niskanen turned to the universal laws of utility maximization and undeniably noted that there was some relationship between the self-centred behaviour of a bureaucracy and the perceived ineffectiveness of the public sector (Zafirovski,2001). From a theoretical point of view, Self (1993:56) claims that public choice theory has productively promoted the argument for the competence of markets by contributing a theory of bureaucratic failure through self-regarding manipulations in the name of collective movements.

Bureaucrats are able to enlarge the scope of their bureau and become incompetent in a number of ways: First they control and monopolize information about the costs of public services, and since their 'sponsors' (i.e. legislature) are badly informed about the real costs of public goods, the parliament doesn't have a robust basis on which they can reject the bureaucrats annual budget requests. Second, as a bureaucracy is sheltered by administrative systems from market competition, it supplies public goods under the circumstance of a monopoly (no other suppliers). As a result it does not feel the pressure to be efficient and quality oriented in its activities. Third, because of information irregularity between bureaucrats and their 'sponsors' (the government or the parliament) and since sponsors are themselves internally disjointed (parliament committees, ministers), the bureaucracy is frequently badly controlled (Dollery, 2001). In this regard, Dunleavy (1994) argues that because bureaucrats are so feebly controlled by their political authorities (their sponsors) and because the budget expansion goal is open-ended, bureaucracies naturally over-supply outputs, creating a budget situation which delivers up to twice the socially optimal level of the budget itself.

According to the public choice theory public service inadequacy and growth of the public sector can be terminated and probably cut back, if another public sector management system is presented. In other words, in order to amend the problems of uncontrolled growth and ineffectiveness and inefficiency in the public sector organizations, the public choice theory

offers a number of reform suggestions including the introduction of competition, decentralization, deregulations performance checking, and privatization as a solution (Self, 1993; Zafirovski, 2001; Boyne et al, 2003). Dunleavy (1994) advocates that the way out is to substitute the administration state with a contract state in which deliberate policy formulation is separated from its operation and a stage is set for a contractual arrangement between the government and its implementing agencies. Creating agencies would be an important element of that management approach.

In Larbi and Batley's (2004:35) view public choice theory has provided some of the inspirational ideas for public sector reforms, such as contracting out, the creation of agencies, and privatization and performance management. It can thus be argued that creating agencies is a significant element of public choice theory reform doctrines. As noted previously, one proposition from public choice theory was to eliminate the monopoly of public service delivery by creating the policy implementation divide and by subjecting the implementation process to the market and competitive processes.

It is in the light of this public choice theory's argument that, this study is so critical in analyzing whether in real terms policy formulation is actually separated from government's control and transferred to the GETFund. It would be also of importance to know the details of the contractual agreement between the government and the GETFund and whether the contract is being respected. In analyzing these issues, public choice theory would be of great asset to this study. Again, in placing this study in the purview of public choice theory would help to discover how much autonomy the GETFund enjoys and how much control is being exerted by the government. Furthermore, the history, the organizational and the governance structure of the GETFund are conceptualized in line with the empirical data from documents and interview responses embedded in this perspective. Interpreting this theoretical perspective in the history, organizational and governance structure of the GETFund would thus mean that the outcome of the operations of the GETFund is conditioned by the extent to which the Fund is subjected to pressures arising from citizens in general, the government in particular and the ability of the Fund to respond to the exerted pressures.

### **3.3.2 The Principal-Agent Theory**

This theory looks at the link between two rational actors who have gone into a contractual relationship. The principal-agent relationship arises when one party (the principal) employs

another party (the agent) to carry out a function or set of tasks on behalf of the principal (Kassim and Menon, 2003).

The principal-agent theory is a relevant approach for studying the contractual relationship between the government and its policy implementation agencies. It concentrates on how to govern the most effective contractual relationship between the sector Ministry and its agencies in the circumstance that forms the setting of goals. The argument of why the government (principal) transfers activities to the agency (agent) can be found in the very principles of the NPM (Hood, 1991; Verhoest, 2005). By giving functions to agencies a contractual relationship is developed between the government and its agencies. Arising from that contractual relationship are the problems of information irregularity and the goal confusion between the two (Gomez-Mejia and Wiseman, 2007). The situation of information irregularity and goals conflict is particularly widespread in the public sector, because public policies are often unclear with respect to the aimed goals and policy actors do not always share the same goals.

The issue of information irregularity is of central concern to the principal agent theory. It is claimed that agents have a tendency to have more information than principals because of their specialization (more expertise) and due to their nearness to the point of service delivery (customers). Agencies are well positioned to know the real costs, quality and volume of goods and services delivered. In their own right, they are specialists in their fields and they know the situations under which they produce the necessary goods and services.

According to Kassim and Menon (2003) the irregularity of information allows the agency to engage in unscrupulous behaviour that disturbs the interests of the principal. For instance, while the government may desire to ease the cost of public services by demanding the well-organized and efficient use of resources, agencies may be more concerned about increasing budgets for their offices so that their benefits also increase. Here we could see a clear clash of interests between the principal and the agent. The agent may as well spend fewer hours, less efforts, and little skills in dealing with the productivity and the eminence of public services. Actually, agents are likely to make full use of and derive the benefits of every opportunity to reduce their work load since the principal does not see or chastise them. Colin (1994) contends that because of information irregularity and goal confusion, the principal-agent relationship is characteristically challenged with the agency's unscrupulous behaviour and a control of some kind is certainly necessary. Ensuring control to limit the avoidance of certain forms of

behaviour of the agent is essential to the principal, but the challenge has been how to achieve perfect obedience from the agent.

The principal-agent model bids a number of ways of reducing these agency problems. In the literature solutions are of two types depending on the nature of the problem to be solved (Verhoest, 2005; Kassim and Menon, 2003). The first set of solutions associates with information sharing and revealing actions in order to tackle the subject of information irregularity between the principal and agent. These measures would include performance monitoring, appraisal and performance auditing. These actions can aid to lessen the problems of an information break between agencies and their sector Ministries. This permits the responsible sector Ministry to perceive not only any unscrupulous behaviour of an agency but also to know the intervening environmental factors that may hinder the agency's candid efforts for success.

The principal-agent theory therefore advises that creating agencies necessitates the government to confirm that there is sufficient performance information flowing from the agencies. This would permit the government to know the real costs, quality of goods and the hard work put forth by the agency in producing the goods and services required. Because the principal has some information to help him or her to verify the agency's performance, the agency is expected to act in the principal's interest.

Second, the government may employ methods to reduce goal confusion between agencies and their sector Ministries. The most important actions would include having the government design a well-functioning performance contract which sets clear performance goals, uses performance indicators for assessing results, and inspires agencies to attain those pre-determined performance goals by introducing performance related incentives. These foundations would help both actors (government and agencies) to have clear performance goals and to know what is anticipated from each actor. Here the question of goal uncertainty is abridged. It is really contended that performance connected payment may not only integrate the agency's interest with that of the government but, it also tends to move failure from the government to the agency. The disagreement here is that when the agency's performance is connected to expected performance, the agency may try as far as possible to see to it that expected criteria for decent performance are met so that its benefits are not reduced. The two sets of solutions discussed above (information revealing measures and the design of a well

performing performance contract) have been defined in recent literature as management by results or result-based control (Lægreid et al, 2006; Moynihan, 2006).

Following the above discussions, when it comes to this study, the principal-agent theory would help to find out why the agency (GETFund) was established, how decisions are made the way they are made, and what the level of autonomy is for the Fund when it comes to making decisions. In this study, the GETFund is assumed as having a level of organizational capacity to cope with government influence. This is where this theory is important in revealing the extent to which the Fund can cope with the government interference without compromising its effectiveness and efficiency.

Again, including the principal -agent theory in the analytical framework for this study is aimed at making it possible to examine the quality level of information delivery between the government as the principal and the GETFund as the agent and how to resolve any information irregularity. The theory is also expected to help in placing this study in a relevant context when it comes to goal confusion that sometimes arises as a result of governments' interference and imposition of their policies on agencies.

### **3.3.3 Conclusion**

The chapter has debated the point that the current reforms of agencies are a crucial element of NPM-inspired reforms. In the last part of the chapter, the appropriate theoretical framework for the study of data was established and discussed. In general, the literature review was also vital in understanding not only the rationale for the reforms and especially the reforms of agencies, but also in grasping the patterns of autonomy and control of the process of creating agencies in different countries. Also, the analytical framework was important in putting this study in a proper conceptual perspective. Furthermore, the theories are expected to help in establishing clearly the kind of relationship that exists between the GETFund and the government and why the Fund as an agency was established.

## **CHAPTER FOUR: RESEARCH APPROACH AND METHODOLOGY**

### **4.1 Introduction**

This study employs the use of qualitative research methodology. Bryman (2012:380) posits that qualitative research is a research strategy that emphasizes words rather than quantification in the collection of data. Babbie and Mouton (2001) are of the view that qualitative methods make it possible for a researcher to get an in-depth understanding of his or her research theme. Also, as noted by Casley and Kumar (1988), qualitative methods promote more contributions and participation by the respondents who may be individuals, focus groups, or communities. Moreover, Babbie and Mouton (2001) emphasize that this process is carried out in the natural location of the social actors. Thus, the researcher is sure that this approach will assist him or her in getting an insider's viewpoint that's dealing with his or her research enquiry and accomplishing his or her objectives.

My choice of this method stems from the fact that I want to bring to light the history, the organizational structure, organizational autonomy and the governance structure of the GETFund. It also analyses relevant documents on higher education and the perceptions of the GETFund administrator. According to Bryman (2012:380), qualitative research is an inductive research which is generated by theories. On the one hand, it has an epistemological position regarded as interpretivist that attempts to interpret the world and stress the understanding of the world. On the other hand, it has an ontological position regarded as constructivist that indicates outcome of interactions between individuals (ibid. p. 380). This study fulfills the nature of qualitative research since it investigates the history, organizational structure, organizational autonomy and governance structure of an agency.

The study also uses a case study approach, that is, it specifies one agency as its case study. According to Bryman, a case study research entails the detailed and intensive analysis of a case, and may be associated with the study of a location such as a community or an organization. A case study is concerned with the complexity and particular nature of the case in question (Bryman 2012: 66-67). The one agency selected for this study provides a good basis for a case study technique due to the diversity in structure and uniformity in function. The case study approach was suitable for this study because by selecting one case, it is possible to carry out an in-depth research on it.

## 4.2 Documentary Analysis

Document analysis is seen as one of the essential approaches of getting information in the framework of a qualitative study. Documents collected for this study include GETFund's annual reports, official government publications, educational policy reports, and publications from the National Council for Tertiary Education. Others include records and memoranda from meetings. This study exploited the countless documents, reports and information relating to the financing of higher education in Ghana. Government report papers on higher education and agencies were fully analyzed by considering the objectives and purposes of those reports, particular emphasis was placed on government report papers on funding higher education that has posed serious challenge over the past four decades.

In addition, policy papers, reports and publications from the Ghana Education Trust Fund are most accessible resources and reference tools for the study. Reports from the University Rationalization Committee were also accessed and expansively combined in the study as well. In doing this the researcher deliberated how these policies have informed and impacted on the direction of higher education in Ghana. At the same time, the researcher made use of reports and policy approvals by the World Bank and International Monetary Fund on higher education in Ghana. Moreover, universities' and polytechnics' reports and budget papers were reviewed to make the study more complete. Finally, publications and reports and other important documents from the Ministry of Education and the National Council for Tertiary Education were critically considered in the study.

In this direction, the researcher communicated with the appropriate offices such as the Ministry of Education, the Ghana Education Service, and the National Council for Tertiary Education and the Ghana Education Trust Fund's headquarters for getting all the necessary documents for the study. Having access and understanding of documents on the research topic expands the richness of information for qualitative study. Additionally, "learning to use, study, and understand documents and files is part of stock of skills needed for qualitative inquiry" (Patton, 2002: 295). The documents were selected based on the research questions and the analytical framework.

In the same vein, Guba and Lincoln (1981) recognise certain reasons why documents and records need to be incorporated in the naturalistic inquiry: (a) Documents and records, no matter how old they are, are stable and rich resources that serve as the basis for exploration



into a phenomenon; (b) they serve as checks and balances on the truthfulness or falsity of a statement, thereby checking misrepresentation and libel during the research process; (c) they provide information about events that exist and arise from the context of the investigating phenomenon, hence they serve as a primary tool; (d) access to documents and records especially in the public record is easier and even sometime free of charge to the researchers; and (e) they are non-reactive, i.e. available for the sharing of knowledge.

### **4.3 Sample Selection of the Participant**

The GETFund administrator was carefully chosen as interviewee for this study. A pilot examination of the GETFund tells that to get information about the history and the operations of the Fund, one has to look for specific individuals and contact persons who have an in-depth knowledge about the history and operations of the Fund. Rubin and Rubin (2005), for example, underscored that to secure reliability of research, the researcher should interview people who understand and have deeper information on the issue. Rubin and Rubin (2005) believe that the credibility of interviews depends on the knowledgeability of the interviewees or participants of the study. This means having an interviewee with different perspectives is an added advantage to the richness and quality of information collected. And it is only when you get individuals who really understand the object of research such as the activities and operations of the GETFund that this requirement of reliability can be met partly.

The researcher used the purposeful sampling technique to hand-picked the participant for the study. This technique was necessary because the researcher needed people who were knowledgeable in the GETFund policy, particularly individuals who know the history and creation of the Fund; individuals who are closer to the policy decision making and who know what is going on in education finance in the country and individuals who know what the GETFund is doing at the institutional levels. Even though, this approach of selection was based on the position of the interviewee, its advantage in terms of richness of information gathered for the study cannot be oversimplified. The purpose of this was to gather rich information that illuminates the research questions for the study.

As noted by Patton (2002:230) “The reason and sovereignty of purposeful sampling lie in selecting information-rich cases for the study. Information rich cases are those from which one can learn a countless deal about issue of central importance to the purpose of the inquiry...”

The selection of the participant for the study was primarily based on the following self designed characteristics or criteria. Participants who were selected for the study met the following criteria:

1. Participants are presently or have formerly been involved in the administration of the Ghana Education Trust Fund.
2. A participant is aware of the activities – design and implementation of the Ghana Education Trust Fund – and also knows especially the history and organizational structure of the fund.

What is more, getting to know the administrator who has knowledge and understanding of how the GETFund operates was difficult. In this regard, the researcher made use of the snowball sampling procedures to locate administrator, who met any of the above-mentioned qualifications for interviews. This process began first by contacting the fund secretary who introduced me to the administrator.

#### **4.4 Ethics**

The ethical dimension in a study that uses human subjects is very crucial. Individuals involved in the study demand respect in terms of values and beliefs and anything else that may be well thought-out unethical to them and research in general. Using Denzin and Lincoln's (1998, p21) four principles identified under their "contextualized-consequential model", ethical practices in study may include "mutual respect, non-coercion and non manipulation, the support of democratic values and organizations, and the belief that every research act implies moral and ethical decisions that are contextual". In view of this, seeking permission was considered very important prior to the start of the study. Informed consent was given vital importance for the interviewee that participated in the study.

To further check that ethical concerns are not violated, I issued a consent form detailing how the interview would be treated and issues relating to confidentiality and anonymity of the research findings. In fact, it was clearly indicated to the participant that the tapes used in the interview would be destroyed on completion of the study. This information was orally and in writing communicated to the participant before the beginning of the interview. I also communicated to the participant during the interview, issues like the purpose and scope of the study, the types of questions which are likely to be asked, the use to which the results will be

put, the method of confirming anonymity, and the confidentiality of the resulting report and the extent to which participant's words will be used in all final and available reports. The participant was also given time to both consider his participation and to ask questions about the research.

## **4.5 Data Collection Techniques and Procedures**

Deciding on the data collection techniques is one of the most important aspects of any research. It depends on the research question(s) and the researcher's interest in the topic. The method indicates what the researcher views as valuable knowledge and the researcher's perspective on the nature of reality (Glesne, 1998). Since the main theoretical framework for this study is based on public-choice and principal-agent theories of analyzing the history, the organizational structure, organizational autonomy and the governance structure of the Fund, conducting an interview was one of the appropriate data collection techniques that was used for the study. In Glense's (1998) opinion, since interpretivists assume that they deal with multiple, socially constructed issues that are intricate and indivisible into different variables, they regard their research task as coming to understand and interpret how the various participants in a social location understand the world around them. Therefore their qualitative study designs, therefore usually focus on in-depth, long-term contact with relevant people in one or several locations.

However, one virtue of qualitative interviewing is its appropriateness of different methods. In this case, documents from official government magazines, policy papers on higher education in Ghana, parliamentary handbooks, and research reports on issues relating to tertiary education sector were analyzed and co-ordinated for this study.

## **4.6 Interviewing**

Qualitative interviewing is the "art of hearing data" (Rubin & Rubin, 2005) so that the researcher gets understandings into the multiple standpoints of the different interviewees. Interviewing gives the interviewer the chance to establish a personal relationship with interviewees in order to attain the crucial information for the study (Rubin & Rubin, 2005). Moreover, an interview allows the participants to describe what is important to them using their

own words rather than being regulated to predetermined categories, thus participants may feel more relaxed and sincere in the interviewing process.

Qualitative interviewing is an orderly process of asking and answering questions toward the end view of enhanced understanding a given problem and finding suitable steps for its resolution (Glesne, 1998). In regards to this, the researcher's goal is to understand the interviewee's viewpoints on the history, organizational structure, governance structure, autonomy, status of change, and the Fund's impact on higher education development in Ghana, and to identify alternative approaches to its exposure and sustainability. As proposed by Seidman (1991), interviewing provides access to the context of people's behaviour and thereby provides a way for researchers to understand the meaning of that behaviour. Interviewing allows the interviewer to put behaviour in a context and provides access to understanding an interviewee's actions.

Patton (2002) categorises three basic types of qualitative interviewing for research of which all the three were used for this study: The informal conversation interview, the interview guide approach, and standardize open-ended interview. Although these types vary in their format and structure of questioning, they have in common the fact that the participant's responses are open-ended and not restricted to choices provided by the interviewer (Patton, 2002). However, to allow the interview process to run smoothly, some researchers have suggested the use of an interview guide (Rubin & Rubin, 2005; Patton, 2002; Glesne, 1998). In this case, the researcher designed an outline of topics and issues to cover the research questions in the interview process.

Mentioning from the range of qualitative interview approaches, this study was conducted using both "interview guide approach" and "open-ended interview." For the interview guide approach, interview questions were determined in advance in terms of outline and sequence (Patton, 2002). Even though there are fears about a possible weakness of this approach to gathering information, such as the oversight of important and outstanding information, a low level of flexibility, and the limitations placed on respondent's perspectives as a result of how questions are worded, their advantages cannot be overrated. For instance, the interview guides "outline increases the comprehensiveness of the data and makes data collection to some extent systematic for each respondent, logical gaps in data can be predicted and closed and the interviews may stay fairly conversational and situational" (Patton, 2002: 349). While an in-depth interview was used for this study, it is important to point out that the process for collecting data are very central. Whether when doing responsive interviewing (Rubin & Rubin,

2005) or when using an informal approach, an interview guide or standardized open-ended interviews (Patton, 2002), the most important thing is receiving the necessary information from interviewees because the purpose of the interview is to gather information about a phenomenon. As Patton (2002: 380) argues, “[No] matter what style of interview you use and no matter how cautiously you word your questions, it all comes to nil if you fail to capture the actual words of the person being interviewed”.

In this vein, to insure that all key information is seized during interviews, the researcher made use of a digital tape recorder and also kept notes during the interview. As Patton (2002) recommends, “the use of a tape recorder does not eliminate the need for taking notes, but does allow you to concentrate on taking strategic and focused notes, rather than attempting verbatim notes”. The language used for the interview was English. There were times that I had to code switch into the Twi language.

## **4.7 Credibility**

In qualitative research checking credibility means cross checking findings and explanations of the different groups and audiences from whom that information was collected and making sure that information presented is trustworthy. Guba and Lincoln (1981) observed some alteration that may affect the credibility of the study. They noted that "... induction of reactive responses in subjects and the failure to provide sufficient opportunity for the researcher's preconception to be thoroughly face up to by data he collects..." may distort credibility of the study but they argue, “Close monitoring and the prolonged engagement at the site are sufficient to overcome these effects” (Guba & Lincoln, 1981:105). In testing credibility, the researcher crosschecked information obtained from a subject with existing information and the perhaps opposing perspectives of the interviewee. From the forging, it must be pointed out that different credibility measures were used to authenticate information from the interviewee.

After establishing preliminary themes and categories, the researcher looked for evidence consistent or inconsistent with these themes (outliers) in order to confirm and disconfirm evidence, i.e. discrepant case analysis. Additionally, the researcher used triangulation by searching for convergence of or consistency among evidence from multiple and varied data sources (interviews comparing with documents). I also made use of member checking approach by checking the accuracy of the participant. In this particular instance, I asked the participant

questions relating to the themes of the interview to confirm the accuracy (or inaccuracy) of the answers he gave.

## **4.8 Transferability**

Looking at the policy initiative that led to the creation and implementation of the Ghana Education Trust Fund, how would the researcher know that the findings of the study would be applicable in different contexts – different African countries facing similar problems in funding higher education? The purpose of qualitative research may not be to make a generalization about a particular phenomenon. However, there is a great tendency toward the belief that by looking at the different ideas presented by the interviewee and documents in this study, the findings and ideas from public sector reforms could be used to create similar organizations or agencies in Ghana or elsewhere. In order to meet this requirement of the study, the researcher made use of different literature on higher education finance in Ghana. For the country Ghana the similarities in cultural diversity give room for the applicability of the study in the country. Directed by the concept of “thick description” originally introduced by Geertz (1973), analysis of the study was broad in order to gather extensive information about the phenomenon. As a result, the interview was responsive (Rubin & Rubin, 2005) to cover all spectrums of the fund. Demographics, the cultural context, norms and values, deep-seated attitudes, and motives were considered to get the necessary information.

Adjunct to the above, Lincoln and Guba (1981) advised that the key is a thorough description of the specific setting, circumstances, subjects, procedures of the study. This study has combined different and numerous viewpoints to analyze the data, The issue of generalizing or transferability of the findings of a study is placed upon the individual(s) who is considering applying this original work to his/her own circumstances. Moreover, by using different data collection approaches in conducting this research, the researcher has increased the level of believability and strength of the results - more so than if a single method was used.

## **4.9 Confirmability**

Maintaining confirmability, otherwise known as objectivity and neutrality, is essential in a naturalistic research project where the researcher’s subjectivities are part of the process.

However, to make sure that the findings of the study are confirmable the researcher preserved a considerable degree of accuracy in records and documents. The researcher also tried to maintain diligence in getting information from the participants of the study. According to Rubin & Rubin (2005: 70), diligence means “investigating all the relevant options with care and completeness, checking out facts and tracking down discrepancies”. To maintain some degree of accuracy, the researcher avoided distortion of interviews, desisting from replacing his own opinion and experiences for those of the interviewee. Using member checking and triangulation provided an effective approach of confirming the results of the study.

#### **4.10 Data Analysis Techniques**

Data analysis is one of the major components of any research, quantitative or qualitative. However, more often than not, the approach and methodology adopted affect the results and conclusion of the study. Meaning, a careful utilization of the necessary data analysis techniques not only affects the results of the study but also reveals how the researcher is able to blend and weave the tons of information acquired in the entire research process. In this study, the analysis process involved five main processes (a) memo writing (b) transcription (c) data reduction (d) Thematic Coding and Open Coding (e) data interpretation.

##### **4.10.1 Memo Writing**

In this study, memo writing started during the fieldwork by taking notes on the important issues during and after the interview session. Memo writing helped to identify some of the information that was not covered during the interview session and be able to contact the participant for more clarification. After the transcription memo was done by summarizing the key points that the researcher found to be important, trying to link some ideas and concepts and identify issues that seemed to be different. I have a notebook in which the notes were written. Memo was done at any point where the researcher found an important thing to note down. Memo was used in addition to the transcribed materials as it helped to explain and note down some issues which occurred during the interview that could not be recorded such as, non-verbal expressions. In addition, memo was used in the analyses and the interpretation of the data. It has been observed that, memo helps the researcher to link the analyses and the interpretation of the data, while

early memo writing helps the researcher to identify what ideas seem plausible and which ones they ought to revise (Hesse-Biber and Leavy, 2011).

#### **4.10.2 Transcription**

The transcription of the interview was done after the data collection was completed and transcribed verbatim. The main topics were identified and examined for similarities and phrases that represented similar topics or ideas were further clustered into categories by using colour. In addition, typical statements were identified for citation. The importance of transcribing data is that, it helps the researcher to engage in a deep listening, analyzing and interpretation. Thus, it gives the researcher the opportunity to engage with the research materials from the beginning of the study and make him or her aware of his or her impact on the data. Therefore, this helps to enhance the validity and the trustworthiness of the findings (Hesse-Biber and Leavy, 2011).

#### **4.10.3 Data Reduction**

The volumes of interviews and the quality of information acquired could make qualitative data analysis threatening and overwhelming. A complete reduction of information makes the data more manageable and meaningful for interpretation. Data reduction, the first element advocated by Miles and Huberman framework (1994: 10) "... refers to the process of selecting, focusing, simplifying, abstracting, and transforming the data that appear in written up field notes or transcriptions". For the purpose of manageability, I compacted the information through a careful process of deduction taking into account the research questions and emerging ideas and themes. This process provided me with the opportunity to make meaningful interpretation and focused the data to the research questions. In doing this I also distilled the different views and perspectives expressed by the interviewee about the history, governance and organizational structure of the Ghana Education Trust Fund .This approach offered a variety of understanding of recovering the meaning of the information acquired.

The next step involved a careful and systematic approach of categorizing data, linking data, and connecting categories. After creating and assigning categories, I refined the data with the identified themes and topics relevant to the research questions. At this stage I carefully made extrapolations by differentiating systematic patterns and interrelationships to meaningfully understand the organizational structure of the GETFund since its establishment. I made a flow chart to map out the critical paths, major points and issues, and supporting with documents and



evidence that emerge from the GETFund administrator. Glaser and Strauss (1967) called this the "method of constant comparison," an intellectually disciplined process of comparing and contrasting across instances to establish significant patterns.

Following the above is conclusion drawing and data verification stage (Miles & Huberman, 1994). Here I will reflect on the analyzed data and their implication to the study questions and policy in particular. At the same time cross comparison is necessary to establish the truthfulness of the data in connection to answering the research questions and in relations to available documents and reports. This process of verification helped to establish credibility in the analyzed data obtained from the multicoloured perspectives of the respondent. I analyzed the variations of views of the interviewee. For instance, those of the administrator were compared with the fund reports. In doing so, I looked for corroborative evidence to establish the reliability of the information received.

#### **4.10.4 Thematic Coding and Open Coding**

I used two coding approaches that have gained currency for use in Grounded theory methodology, Generative or open coding, which is the process of developing categories of concepts and themes that emerged from the interview data. This approach was used to explore the data so as to avoid fancy assumptions of data interpretation. By doing this, I made use of factual coding or descriptive coding approach and identified certain concrete themes that exactly described the study that leans towards the study objectives. Thematic coding was chosen for analyzing the data because, I was interested in knowing the perspectives from the administrator of the Fund and what the documents say. For instance, focusing on what one considers as the history of the GETFund, I was interested in knowing what is common to the views of the administrator and what the documents say.

My estimation was that the participant's perceptions and what the documents say may or may not differ on what is considered to be the history, governance and the organizational structure of the GETFund. My initial step was to address cases involved, and to examine the responses to each question in the interview. First, a short description of each case was identified. The case description included a statement, which was typical for the interview, a short description of the person interviewed, and the central topics mentioned by the interviewee concerning my research questions. Then, categories were generated and properties were identified. The third step was to interconnect the answers and categories to find categories and sub-categories, and

explanations that answer the research questions in a cross comparative analysis manner. The next attempt was to interconnect these themes and weave them around the literature. This thematic structure helped me to compare different perspectives – those from the administrator and those from documents.

#### **4.10.5 Data Interpretation**

Interpretation means to assign significance or coherent meaning to something (Neuman, 2007:90). The researcher gives meaning by rearranging, examining, and discussing data in a way that it conveys an authentic voice. In this study, data interpretation was based on the researcher's own interpretation. However, Hesse-Biber and Leavy (2011) note that the intimate involvement of the researcher with the data and the power differences between the researcher and the participant can affect the interpretation of the findings. Therefore, in order to reduce these biases, the interviewer reflected throughout the interview processes in order to assure that there is no misunderstanding of the ideas or misinterpretation of the meaning during the analysis process.

#### **4.11 Summary**

In sum, this chapter has been reflecting on the method employed for this study. The discussion centered on sub-topics such as qualitative research method, sample selection of the participant, data collection method, credibility, confirmability and transferability, ethical considerations, as well as how the empirical data is presented and analyzed. In order to put the discussion of the history, the organizational and governance structure of the GETFund in an analytical and interpretation context, the data gathered by the qualitative research method must be analyzed and discussed. The subsequent chapter will therefore look at the findings, analysis and discussion of this thesis.

## **CHAPTER FIVE: FINDINGS, ANALYSIS AND DISCUSSION**

This chapter provides an analysis of the history, organizational structure, and the governance structure of the GETFund as perceived by the sampled respondent from the Fund. The documentary analyses consists of two different set of data: the analysis of reform documents in general and analysis of documents related to the official policy documents that explain the operations of the Fund.

This chapter is divided into three main sections. First, it begins with the analysis of the history of the Fund. In the second section, it portrays how the Fund is organized. The final section analyses the operations of the Fund. This section is further categorized into five portions—the governance structure of the GETFund, allocating and accessing the Fund, quality control and monitoring of the GETFund, the main change drivers with respect to the GETFund, and how has the organizational autonomy of the GETFund developed since its establishment.

### **5.1 History of the GETFund**

In 1993, after a decade of political, social and economic tantrum, the Provisional National Defence Council (PNDC) regime was overthrown and a new constitutionally elected government was put in place. In addition, a new constitution was passed. Ghana moved away from a military regime to a constitutional government. Economic recovery and political stability became major objectives of the constitutionally elected government, while the ambition to develop and improve education on all levels became one of the main items on the government's political agenda. In 1990, the government announced a major change in the higher education sector. Before 1990, the higher education sector in Ghana was free of charges for the enrolled students. Government borne all the cost. In 1990, due to economic challenges coupled with population growth the government decided to announce the introduction of cost-sharing in the higher education sector. The idea was to expand educational facilities especially at the tertiary level. This policy triggered students' unrest, demonstrations and a boycott of lectures to the extent that, properties belonging to the universities and for that matter the state were vandalized. The government, determined to find solutions to the problem, organized fora on various university campuses to solicit views from students as to the way forward. The idea of setting up an agency dedicated to the funding of higher education was muted by students

themselves and the government took the idea and made it a policy which was passed by parliament in 2000. As indicated by the interviewee:

*The general context within which the GETFund idea came about was in the 1990s. It was within the context of a debate on how to finance higher education. All along government had provided virtually everything for higher education. I myself, I remember when I was on campus of the University of Ghana in 1970s, government paid our tuition fees, government fed us. It was like everything virtually free, then this was becoming unsustainable with time, so, this whole concept of cost-sharing idea came in and you know students, it is very difficult to wean them off from something free or tradition or change in general more so when they are being called upon to bear some of the cost, so, there was a lot of unrest on campuses. So therefore, the idea was muted that why don't we create a dedicated fund. The idea came from students themselves.*

Therefore, the reason for setting up such an agency, was to look for financial ways to address the numerous challenges facing higher education in Ghana. It was also evident that, parents and students did not have enough financial muscle to bear the full or even part of the cost of higher education. According to Sawyerr (2001), government expenditure on social activities and other sectors of the economy has become too huge and the revenue to meet its obligations was so limited that, the government was no more able to bear all the costs of higher education, and therefore, there was the need for urgent action to address the costs of higher education. This led to an extensive search for a solution to the problem culminating in the establishment of Ghana Educational Trust Fund (GETFund). Again, the interviewee had this to say:

*The idea was why don't we set up a fund and dedicate the fund specifically to the development of tertiary education since parents and students are not prepared to even accept cost-sharing policy. So the initial conception was to use the GETFund to finance tertiary education, but then the law that eventually came out did not restrict funding exclusively to tertiary education, but said that the bulk of the fund should go to tertiary education meaning that we would give most of the monies accrued to the fund to tertiary education, but at the same time we would have an eye on the second circle and basic education.*

This seems to be in contrast to Boyne et al.'s (2003) work on why agencies as part of public sector reforms are set up. They argue that governments across the world have been rearranging and reorganizing their public organizations in their quest to deliver quality public services at lower cost levels.

Interestingly, Hood (1991), is of the opinion that seven administrative reform principles which are characteristics of New Public Management are reasons for setting up agencies. These seven principles were anticipated to revive productivity and the efficiency of public sector management. Parker and Bradley (2000) argue that, they offer both the reasons behind many types of reform design as well as the creation of agencies. But according to Sawyerr (2001), only one of the above principles seems to be the reason why GETFund was established, that is, the introduction of the private sector management principles in the public sector.

In contrast to Sawyerr's arguments, the interviewee stated that: *the reason why GETFund was established was- the need for government to find ways to raise enough revenue through a separate body outside the Ministry of Education solely dedicated to funding tertiary education since students and wards were not able to pay for the cost of tertiary education and also it was becoming increasingly difficult for government to meet the cost of tertiary education in Ghana. It has nothing to do with productivity and efficiency in the public sector.*

Moreover, according to Schedler and Proeller (2002) NPM is striking to reformers because it supplies reform ideas that are extremely needed to solve the apparent problem of traditional public bureaucracy. They argue that, many governments and supra-national organizations have since included the NPM as the framework through which public organizations can be re-invented for better performance. It has been seen as a means by which the public service is to be transformed from traditional bureaucratic structures to commercial and market-driven management systems.

The Ghana Education Trust Fund was established by an Act of Parliament 581 on August 25, 2000 to generate additional income to support the nation's educational system at all levels. Specifically the GETFund Act 581 2000 outlines that money generated from the Fund is anticipated for the following expenditures: to provide financial resources to support all institutions in developing their infrastructural and academic facilities, to provide additional sources of funds for needy but gifted students through the Ghana Scholarship secretariat in the form of scholarships and grants, to generate monies to support the student loan scheme for nationally accredited institutions, and to offer grants to higher education through the National Council for Tertiary Education (GETFund Bill 581). This means that the government still remains the main provider of resources to finance education in Ghana. These resources (money) are supposed to come from the government's budget for education every year and the

Fund would take care of whatever is left (GETFund Act, 2000).The interviewee puts it as follows:

*..... the GETFund should provide supplementary funding, meaning that the bulk of funding education in Ghana remains with the ministry of education, The government should be doing this area and the GETFund should also be doing this area to add up to.....*

The perception of the interviewee is found to take the same form of the proponents of principal-agent theory's argument that, agencies are created with specific tasks to perform. According to them, these tasks are decided and agreed upon by both actors (the government and the agency). They go further to argue that, both actors are bound by the terms of the contract between them.

The foundation of the Fund was premised on a legal basis as the parliament of Ghana passed an Act (Act, 2000) to back it, so, it has legal backing and was intended to be a permanent solution to the long-standing problem of cost-sharing. Cost-sharing became a big problem in the higher education sector as students were used to free higher education. For the above point, this is what the respondent had to say.

*The actual law was that the bulk of the fund should go to tertiary education and the rest should also benefit. This is briefly the emergence of GETFund to the educational scene. The act was passed in August, 2000 by parliament of Ghana and the operation started in May, 2001.*

This is in line with Thynne's, (2006) interpretation that different instruments such as legislation, executive order, decree or constitutional requirement are some of the means by which agencies are created. In the case GETFund, it was a legislative instrument.

On the basis of the Fund's legal foundation, it is supposed to operate within the law. For example, the Act says that the fund should be in arrears just for one month (GETFund Act, 2000), but the interview with the administrative manager revealed that as of June, 2014, the Fund has been in arrears for thirteen months. This can be illustrated by the following statement from the interviewee:

*The act that set up the fund stipulates that funds accrued be sent directly to the GETFund one month in arrears..... but, in total there are about thirteen months arrears in running..... most of the funds are going to pay for projects which are cost-centres that generate fluctuations and*

*variations with time in relation to prices. This means that the longer you stay with these projects, the more cost you incur.*

This delay which is in contravention with the Act disables the management of the Fund to take certain critical decisions which may need the approval of the board of trustees. This does not augur well for the smooth running of the fund. The following interview response marks a good concern in this regard:

*..... is the delay in putting the board together when the tenure of the old board is over. Most of the day to day decisions especially the major ones may need their approval. As long as the board is not in place, the law does not allow the GETFund to take certain important decisions leading to unnecessary delays. The works of the fund also keep compiling and so before the board is put together, you would have mountain-like work to do.*

Indeed, this problem caused by not respecting the law which brought the fund into being is prevalent in most of the agencies in Ghana and it is affecting most agencies in executing their plans and programs negatively (Sawyer, 2001) and GETFund is no exception.

As far as creating an agency outside the Ministry of Education is concerned, it can be analysed in the context of the work of Elgie (2006), which proposes that agencies are formed outside the sector ministries by governments because they are more competent (beneficial to politicians) than the normal traditional units. Indeed, Elgie (2006:208) has contended that the rationality of this theoretical perspective is a functional one: "these non-majoritarian organizations help to lower operational costs and streamline mutually beneficial support among rational egoist actors". Elgie (2006) acknowledges ways in which entrustment of responsibilities to agencies may decrease transaction costs. First of all, delegation can decrease the costs related with incomplete information. The reason here is that in areas of high policy difficulty the government can profit more from delegating decision making power to technical specialists. This is in line with documentary analysis which shows that the government of Ghana wanted to cut down transaction costs in order to raise revenues for other educational matters. Contrary to this stand, the interviewee disagrees and says that:

*The rush for an agency (GETFund) outside the ministry to deal with higher education funding I think was based on the need for efficiency and also not to add more work since the ministry was already burdened with a lot of work.*

Furthermore, Elgie (2006) has indicated that delegation can help governments move the blame for unapproved policies to these agencies. It will aid politicians to get recognition when policies are popular or have been well executed, but when there are severe policy let-downs, these agencies will bear the blame and politicians would easily escape them. This seems to be one of the reasons why the government decided to create the GETFund. This was confirmed by the respondent:

*The GETfund does not have a Public Relations department. The minister for education is the one who articulates and communicates with the public the policies and programs of the GETFund. When things are not going well, the blame is put on the door step of the fund. When we are doing well, then, it is the government. The GETFund administration has no means to either deny or confirm what the minister says. Most of the challenges come about as a result of government's inability to pay the fund on time, but this is not known to the public.*

## **5.2 The organizational structure of the GETFund**

According to Greenberg (2011), the term organizational structure refers to formal structures between individuals and groups concerning the allocation of tasks, responsibilities, and authority within the organization. Mintzberg (1992, 2009) notes that organizations or agencies can be distinguished along three basic areas: (1) the main part of the organization, that is, the part of the organization that performs the major task in determining its success or failure; (2) the key organizing mechanisms, that is, the main methods organizations or agencies use to organize its activities; and (3) the type of decentralization used, that is, the extent to which organizations or agencies include subordinates in the decision-making process.

The chairman who is appointed directly by the President of Ghana and then there is an ex-officio member. There is an ex-officio member on the board because the law says that at all times a member of Ghana Revenue Authority should be a member of the board who is a Commissioner General of Ghana Revenue Authority. He is a permanent member on the board. The remaining members are the representatives of the specific bodies and institutions mentioned in the act. So the Fund has: the religious bodies bringing their representative, Ghana National Association of Teachers and National Union of Ghana Students bringing their representatives, Ghana Employers Association bringing their representatives, financial institutions, that is, banking, insurance, non-insurance, non-banking bringing their



representatives, and then the Ministry of Education, the Ministry of Finance also bringing their representatives. According to the structure, the GETFund has four levels- board of trustees, administrator and his deputy, management, and administration. The highest internal body next to the Board of Trustees is the administrator and his deputy who have the responsibility of managing the Fund on day- to -day basis. The third highest body within the Fund is in the form of management officers such as financial controller, and auditor, technical unit, finance unit. The last but not the least is the administration which has a duty to make sure that, the office of the GETFund is in good working conditions all the time in terms of the provision of logistics needed for the running of the office.

This is consistent with the work of Greenberg (2011). He argues that, organizations or agencies need a coordinated work of many people in order to be able to function efficiently and effectively. The theories behind the division of labor and specialization are central to many of these organizations.

Judging by the definition, the GETFund structure looks similar to a traditional model of public administration as it is clearly under the control of the Ministry of Education. It is also hierarchically arranged and staffed by permanent officials. The GETFund also acts on the policy directives from the Ministry of Education. This is how the GETFund looks like according to the interviewee:

*We have the board of trustees at the top..... We have the administrator..... He is the Chief Executive Officer of the fund. He has a deputy. We have management.... We have financial controller..... We have auditor..... We have technical unit..... They do this in collaboration with the finance unit..... . We have administration..... the Ministry of Education gives policy directives to the board. This is a policy directive, then the GETFund would now under this policy directive allocate funds to make sure that this policy directive is actually given effect.*

Weber goes on to offer the characteristics and criteria for modern bureaucracy in the bureaucratic organization. For example, officials are generally free and are employed on the basis of a contract. Officials are employed, not elected. Weber argues that elections alter the firmness of hierarchical subordination. Officials are employed on the basis of professional qualifications. Officials have a fixed money salary and pension conditions. The official's post is his only or main occupation. An occupational structure exists with promotion based on merit. The employee is subject to a cohesive control and disciplinary standard in which the

means of coercion and its use are clearly defined. The interviewee's response is an excellent illustration of the characteristics and criteria for GETFund:

*..... GETFund is part of public services in Ghana... for the conditions of service, everything is guided by the rules emanating from the Public Service Commission.... the tenure of an employee is permanent.... According to the specifications of the scheme, one periodically gets promoted.... This is the general framework within which GETFund operates so that once a person is appointed here, until the person leaves for personal reasons, misconduct or death, he or she cannot be removed but, could be resigned to other places, on transfer or to other public organizations.*

A significant different to this classical model of the public administration was brought to the fore by Woodrow Wilson, who brought in the politics-administration division. Wilson defines public administration as "the detailed and systematic execution of public law" and he argues that there should be a clear separation of politics from administration because administration lies outside the appropriate field of politics and administrative matters are not political matters. This argument is found to take a different form from the perception of the interviewee's suggestion of prevalence of the government's interference in the decisions of the Fund. Wilson strongly argues that the division between politics and administration would not only get rid of the arbitrariness and corruption in the public administration, but also may have broader consequences (Hoos, J. el tal, 2003). At the core of the public choice theorization, particularly concerning the examination of bureaucratic incompetence is the argument that human beings are rational actors and utility maximizers (Colin, 2004; Self, 1993). According to public choice theory, it is this economic rationality, which forms actors' behaviour and their successive choices and not entirely politics.

Contrary to this theory, the earlier discussions show various government interferences in the internal affairs of the GETFund, the major one being the policy directives from the Ministry of Education. The researcher agrees with Hoos, et al, (2003) and, Fry (1989) who argue that, from a theoretical point of view, to achieve the separation of politics from administration appears to be very easy, but in practice this separation has not been total and clear.

In this make up, even though the nature of the structure was in general hierarchical, critical analysis of power distribution reveals how the hierarchical structure was dictated by collective decision making. For example, though the apex of authority of the GETFund rises as one moves from bottom to top as is the case in the traditional single line bureaucracy, it is highly overtaken

by horizontal relationships when it comes to the dynamics of interactions at a specific level such as between the administrator and the board of trustees, auditor and financial unit and management and administration. Although the GETFund is run by the administrator and his deputy appointed by the government, the highest decision body is vested in the Board of Trustees. All in all, the organizational structure of the GETFund draws on predominantly collective decision arrangement in practice but in law, it hierarchical in nature. Each of the units or bodies like audit unit, financial unit, management, administration is positioned and connected to the unit heads at its respective level. The following statement from the interviewee is an excellent illustration of what has been discussed above:

*The fund was set in a hierarchical way, but in practice we take collective decisions. Every department made up of three to six members meet on day-to-day basis to deliberate on matters concerning their department. Any decision taken is presented to the administrator through their head before the administrator also presents it to the board of trustees. If there is the need for inputs from other departments, it is done before the final decision reaches the administrator. For example, audit department often times than not takes decisions in collaboration with financial unit.*

The GETFund is therefore, organized as follows: At the top of the Fund is the Board of Trustees which is followed by the administrator and his deputy. Next in command is the management which consists of a financial unit, an audit unit, a financial controller, and a technical unit. The last but not the least level is the administration.

## **5.3 The operations of the GETFund: How does the GETFund work?**

### **5.3.1 The governance structure of the GETFund**

Governance is the processes and interactions by which an organization engages and consults with its stakeholders and accounts for its achievements (UNIDO, 2010). Governance depicts how things are decided and then realized within an agency. Governance is thus an important issue for any agency or organization and determines how they are directed, administered or controlled (ibid).

Governance concerns the structures, functions, processes, and organizational mechanisms that have been put in place within the agency to make sure that the goals and objectives of the agency are achieved in an effective and efficient way. It is a mechanism for transparency accountability to stakeholders within which agencies take decisions, and perform their functions, to achieve their goals. Good governance adds value by improving the performance of the employees of the agency through more effective management, more strategic and equitable resource allocation and service provision, and other such effective improvements that lend themselves to improve outcomes and impacts. It also ensures the ethical and efficient implementation of its core mandate. Governance is concerned with “doing the right thing,” The extent of governance should be equal to the size of the program in order not to result in a poor performance of an agency (Tricker,1984).

The Fund constitutes a seventeen member Board of Trustees. The Board of Trustees of the GETFund is charged with the responsibilities including policies concerning the goals and objectives of the Fund, overseeing the collection of monies for the fund, maintaining and keeping an accounting system, and raising funds and investing monies into productive ventures considered beneficial to the Fund. This is consistent with the findings by OECD (2004) six core functions of an agency. It was revealed that, almost all the six core functions as enumerated by OECD were exercised by the Fund.

However, the board of trustees in exercising its functions and power shall receive policy directives from the Ministry of Education. As part of this control exercised by the minister, the Board is required by the Act to submit a report summarizing the general activities of the Fund within a period of six months at the end of each financial year for scrutiny by the minister; this report is then submitted to parliament two months upon receipt. The Board is in charge of the direct application of the Funds within a policy framework guiding the drawing up of the distribution formula. The Board exercises supervisory function. For example, they can direct that, the funds should be applied in line with the Fund's objectives for a particular year. This result is in line with the proponents of the principal-agent theory in the sense that, there is a link or contractual agreement between the government and the Fund. The government set up the Fund and gave it specific responsibilities. For example, the Fund was set up to provide a supplementary budget for funding of education in Ghana.

This result also concurs with the main argument of public choice theory. The theory argues that, at the core of the public choice theorization, particularly concerning the examination of

bureaucratic incompetence is the argument that human beings are rational actors and utility maximizers (Colin, 2004). According to public choice theory, it is this economic rationality which forms actors' behaviour and their successive choices in making decisions. It makes a case that, bureaucrats are in fact egoistic, rational and utility maximizers (Self, 2003), and therefore, given the opportunity, they can step out of their boundaries and do things to maximize their satisfaction against the corporate interests of the agency. The government is, therefore, obligated to be part of decisions of agencies in order to minimize the level of egoism.

Moreover, the Act lays down the policies and procedures upon which Funds can be accessed by the institutions and agencies under the Ministry of Education. These procedures have checks and balances that serve as a monitoring tool to ensure smooth implementation of the policy. The GETFund is supposed to get its funds from a 2.5% Value Added Tax (VAT) on goods and services which is supposed to go straight into GETFund's account open at the Bank of Ghana (GETFund Act, 2000). These proceeds are accrued from the VAT deductions and are shared into a distribution formula approved by parliament. The GETFund is supposed to use some of it for the running of the secretariat, so, salaries and everything that go into the running of the secretariat are charged to the distribution formula. Every year the GETFund's budget is sent to parliament for approval and then the managers of the Fund use some of the monies to run the secretariat.

The interviewee emphasized that this is supposed to be a very unproblematic and straight forward issue, but the challenge is that, the government withholds the money at the Ministry of Finance and pays the GETFund as and when it deems fit. The action of the government in this regard is therefore contrary to the law that established the Fund. The consequence of this action is that there is always a delay in receiving the money from government. This in turn delays most of the projects earmarked for a specific year and when the beneficiaries of various projects (higher education institutions) complain about the implementation delay, the government hides under the autonomous nature of the Fund as has been stipulated in the law to blame the GETFund for delaying in executing the projects in order to win a political point.

### **5.3.2 Allocating and accessing the Fund**

With respect to allocating and accessing the fund, several ways have been developed by the managers of the Fund. Allocation of GETFund proceeds is done by the Board of Trustees in consultation with the administrator of the fund. A final decision on how much should be

allocated to each level of education is further sent for legislative approval by members of parliament. This is in fulfilment of Section 8(2) of Act 581, which enjoins the Board of Trustees of the Fund to annually submit to parliament for approval, a formula for distribution of monies designated to the accounts of tertiary education, secondary education, basic education, investment, and other related aspects of education such as distance education, schools and public libraries and special education in the country (GETFund Act 581, section 8(2). Depending on how much the Fund gets a given year, the Board determines in percentage term how much should go into each of the aforementioned categories. The Board also gives premium to the development of infrastructure in the various institutions in their allocations. This was confirmed by the administrative manager of the fund:

*The policy directives given by the Ministry of Education to the GETFund go to parliament for approval, then that becomes the budget the GETFund operates with. The ministry at all times knows the needs of all sectors. They encapsulate all these in their policy directives that are given to the GETFund and then the GETFund develops a distribution formula that captures these policy directives. The data is provided from the field. Based on the policy directives and the data from the field, the distribution formula is drawn and then the allocations are made to the various higher education institutions captured in the distribution formula.*

Contrary to this stand, the interviewee has huge reservations with respect to the Fund's ability to adhere to the distribution formula approved by parliament due to government's interference in choosing and selecting higher education institutions outside those captured in the distribution formula. It was revealed that any time any higher education institution gets a problem be it refurbishment or construction of a building, the government runs to the GETFund for money even if that institution is not captured in the distribution formula. This means that the fund has to always either spend more than its budget or be unable to complete all the projects earmarked for that particular year for completion. Indeed, this problem of selecting new institutions outside those captured in the distribution formula for funding is evidenced to have existed since the fund's operations began in 2001 (see Sawyerr, 2001).

### **5.3.3 Quality control and monitoring of the GETFund**

When it comes to monitoring, the GETFund together with the Ministry of Education seem to be on top of it. There is a number of mechanisms set in place to make sure there is value for

money. There are inbuilt mechanisms in the GETFund Act for a strict monitoring of the operations of the fund by the government. Some of the mechanisms in the Act include:

1. The Board shall submit to the Minister as soon as practicable and in any event not more than six months after the end of each financial year a report dealing generally with the activities and operations of the Fund during the year to which the report relates and shall include (a) The audited accounts of the fund and Auditor -General's report on the accounts of the Fund; and (b) Such other information as the Board may consider necessary. 2. The Minister shall within two months after the receipt of the annual report submit the report to Parliament with such statement as he considers necessary (GETFund Bill 2000, p.12). However, the Board also gives recommendations to the Minister about funds for research activities, scholarships, and how to execute projects with minimum risks. The Minister of Education who represents the government also supervises the operations of the Board of Trustees. But at each level of the structure, each body retains its autonomy in a loosely coupled way and at the institutional level the beneficiary institutions are empowered by the GETFund to monitor the operations of the contractors who have won contracts to execute GETFund projects (Weick, 1976).

With regard to the quality control system, it seems that the GETFund administration is firmly in charge as it has its own consultants across the country. The GETFund has qualified engineers who make sure that all the projects being undertaken by the Fund are carried out properly. The respondent applauded the efforts of the GETFund for the idea to have experts who know what it takes to make sure there is value for money and went on to point to this constructive development:

*GETFund has four firms that take care of the whole country when it comes to quality control. One firm takes care of the three Northern regions, another one takes care of Ashanti and Brong Ahafo regions, another one is in charge of the Eastern and Volta regions and the last one takes care of Greater Accra, Central and Western regions. So we have structures that ensure that things are done the way they should be done. The consultants are always on the ground. The technical department here also goes round.*

These firms come under technical unit of the Fund and is consistent with Tricker's (1984) argument that, to ensure the effectiveness and efficiency of organizations, the integrity of the program's accounting and financial reporting systems, including independent audits, setting quality control policies, commissioning evaluations in a timely way, and supervising

management activities and implementation of agreed upon recommendations are extremely important. Proper quality control mechanisms lead to learning and programmatic enhancement.

Nevertheless, the interviewee still has some reservations when it comes to the practical aspects of the quality control system. According to him, the most pressing threat to the quality control system of the GETFund is corruption where some consultants are reported to have collected bribes to oversee shoddy works but reported the opposite. The following interview response represents the typical view in this regard:

*The consultants are always on the ground .....but do we get accurate reports? Often times, we hear stories of consultants taking bribes to report what is not there. Also any time the board of trustees go round, what they report is completely different from what we receive from the consultants. Though no arrest has been made concerning this issue, the difference between the consultants' report and the board of trustees' report on the same projects gives us much to desire.*

This frustration of the interviewee is somehow reflected in the lapses in the decentralization processes in Ghana. At times upper bodies lose control over issues to the extent that lower bodies can do things to satisfy their needs. This may prompt higher level leaders who like to use command and control to govern to resist any attempt to decentralize. This may lead to recentralization even when the decentralization processes continue. In the case of the GETFund, it was clear from the interviewee that there should be a balance between centralization and decentralization. Institutions and agencies should maintain some aspects of their functions at the centre and not to decentralize everything as one cannot always trust people who have been given specific responsibilities on the ground.

#### **5.3.4 What are the main change drivers with respect to the GETFund?**

The main idea in reform venture is whether change happens or not (Gornitzka, 1999). Changing formal arrangements does not automatically lead to new practices (ibid). Appreciating organizational change beyond the formal framework involves critical observation of actual practices and actions at various levels within the organization (Kogan et al, 2006). Giving detailed assessment in this regard is beyond this study in part due to the fact that change is too complex to be analysed as a duty of a one time intervention over a relative short period of time and so therefore this study looks at only the original mandate, decision-making



processes and recruitment to see whether they remain the same or whether there have been some changes. As a way to get exact perspectives of the administrative manager of the Fund, he was provided with questions relating to changes concerning the mandate of the fund, decision-making and recruitment. The following interview response represents views shared by the interviewee concerning changes that had occurred relating to its mandate:

*In terms of the mandate of the fund, the law is very specific that the mandate of the fund is to provide enough supplementary funding for the development of education in Ghana..... Everything is specified clearly by the law that set the fund up. In that score, the mandate of the fund remains the same, the law has not been changed..... Probably, what has changed is the shift of focus from supplementary aspect to the entire funding of education in Ghana in practice but not the law. So GETFund in practice is no longer supplementary but the main funding agency.*

With regards to decision-making processes, the following interview response represents it:

*..... From the board through the administrator to the respective departments to implement policies and get the feedback to the board, it has virtually been the same, but there is something significant. When in 2009, this current board took office, one of the things they did was, they tried to shift the way or the pattern of spending. They shifted it from the bulk of the funds going to tertiary institutions to second circle and basic education, so that second circle and basic schools would get a bigger share of the fund. This has been the only significant change.*

In reference to recruitment and condition of service for employees at the GETFund, a good concern in point is the following interview response, which is already used elsewhere in this study to reflect on a related issue:

*....GETFund is part of public services in Ghana and all public services in Ghana operate under the framework of Public Services Commission, so, for the conditions of service, everything is guided by the rules emanating from the Public Service Commission, so we have no control as to who should get what. All what we do as an agency is to present information on our employees and then the Public Service Commission which is under the Ministry of Finance decides the rest. But we get salary increment within the general framework of yearly government salary adjustment.*

The interviewee sounded more pessimistic as to whether there would be any major changes in general within the agency. In his opinion, the status of change in the GETFund is insignificant.

Within the view of insignificance, the perception of the interviewee is the continuity of old ways as the organization grows older. The challenges of continuity of old ways is what has been evidenced in the GETFund over the years. This has led to a situation in which winds of change are felt in some aspects of the agency (GETFund), while in other aspects discrepancy between what is defined by the structure and how people actually do dominate.

Cuban (1988) distinguishes between first-order and second-order change. In the case of the GETFund, a few second-order changes that had taken place include: shift of focus from supplementary aspects to the entire funding of education in Ghana in practice but not the law. So the GETFund in practice is no longer supplementary but the main funding agency. Virtually, the GETFund is financing everything, taking on its shoulders the entire development budget of the Ministry of Education. Also, in decision-making processes, one aspect represents a significant change whereby the bulk of the money accrued to the GETFund now goes to second circle and basic schools instead of tertiary institutions. Apart from these changes, the GETFund is experiencing first-order change where no new structures have been introduced but the existing structures are being improved, for example, in terms of salary upgrading of the staff of the GETFund, the government does increase it yearly, resources are being allocated to various educational institutions.

According to Fullan (1991), most changes in organizations since the turn of the century have been first-order changes. One reason lies in the mixture of political and economic motives. He argues that organizational reforms often represent symbolic rather than real change. They aim to satisfy community pressure, make the institution appear novel or to gain more resources.

The researcher agrees with Fullan in the sense that, if one should analyze why the bulk of the monies accrued to the GETFund now goes to second circle and basic schools instead of tertiary education, one would not be far from the truth to say that, it is political, the government has shifted focus of the GETFund just to satisfy parents because the number of students at the second circle and basic schools is far higher than students at the tertiary institutions. This means that, to win the hearts and minds of parents at the second circle and basic schools, the government must be seen to be undertaking projects at those levels which may translate into election votes while not neglecting tertiary education for reason been that, students at the higher education institutions are eligible to vote.

### **5.3.5 How has the organizational autonomy of the GETFund developed since its establishment?**

Central to the idea of creating agencies outside the Ministries is to give these agencies some flexibility to discharge their duties to the best of their knowledge as some of these employees who work in these agencies are professionals. As is the case elsewhere, in Ghana the autonomy of agencies usually emanates from the statutory and GETFund is no exception (GETFund Act, 2000).

The fundamental notion behind autonomy is that by giving organizations more suppleness and managerial autonomy, the performance of public organizations is expected to be improved. It is presumed that there is a positive link between organizational autonomy and the level of performance of a particular organization. Devolution or organizational autonomy has been the main prescription of the NPM reform thought.

This research explains autonomy as the decision making abilities of an agency, or the degree to which the agency can decide for itself on matters it finds important for reaching its goals. In the context of the public sector this means that the agency is freed from centrally indomitable rules and regulations concerning inputs management (Verhoest et al, 2004). Therefore, theoretically agencies are free to make their own decisions on human resources management matters such as staffing, salary grading, dismissal, promotions, evaluation of performance, and on financial management aspects such as setting tariffs, generating revenues and shifting budgets between different financial years, and in taking loans for further investment. These elements are traditionally the prerogative of central ministries, such as the Ministry of Education and the Ministry of Finance.

Though the heart of decision-making within the GETFund seems to be collective in nature, a frequent interference from the government, especially the Ministry of Education which is in a way outside the Fund, was found to be the trend. Excessive government interference in the form of policy directives seems to have heavily undermined the autonomy of the GETFund. The following interview response confirms this:

*At the beginning of every year, the Ministry of Education gives policy directives to the board. The Ministry indicates that, this year, for example, we want to expand all tertiary institutions in the country. This is a policy directive, then the GETFund would now under this policy directive allocate funds to make sure that this policy directive is actually given effect.*

The idea of control is here defined as the devices or tools used by the government to deliberately effect the behaviour and action of agencies so that the government's purposes are attained (Verschuere, 2007). Thompson (1993) differentiates between "ex ante and ex post control devices". As their point of exit, this literature understands the control of agencies as a problem that the principal (sector ministries) is possible to face when events are delegated to agencies because of two central factors: goal confusion and information irregularity between the principal and its agencies (Kassim and Menon, 2003).

In order to incorporate the works of Verschuere (2007), Thompson (1993) and Kassim and Menon (2003), the interviewee was asked to assess the relationship between the sector ministry which is the Ministry of Education and the GETFund by way of goal setting and information delivery. It was revealed that the Ministry of Education sets goals for the year in the form of policy directives. The GETFund also sets goals for the year in the form of a distribution formula. The distribution formula is drawn based on the policy directives from the ministry. The confusion that arises concerns the actual meaning of a policy directive. The sector Ministry seems to define a policy directive in its own way completely different from the GETFund. The following interview response is the one in reference to this view.

*..... is the confusion as to what policy directives are. This has become a running battle between the Ministry of Education and the GETFund. Because policy directives are supposed to be broad indications of intent of the sort of things the Ministry of Education wants to be done. The moment you go down to specifics, for example, build hall theatre in this institution, buy two vehicles for this institution, then, it means that you have moved away from policy directives to direct implementation which should not be the case, but the Ministry of Education does its own interpretation of policy directives, because that gives them power.*

This is consistent with the claims by principal-agent theorists that agents tend to have more information than principals because of their specialization (more expertise) and due to their nearness to the point of service delivery (customers). Agencies are well positioned to know the real costs, quality and volume of goods and services delivered. In their own right, they are specialists in their fields and they know the situations under which they produce the necessary goods and service (see Kassim and Menon, 2003). But this is not the case with the GETFund as the Ministry of Education seems to have taken over that role instead of the GETFund who have the specialists on the ground and who are also close to the projects the GETFund is undertaking. In effect, the Ministry more often times than not misreports the actual situation

on the ground either to score political points or escape blame. In support of this, this is what the interviewee said:

*... The fund does not have a Public Relations department (PR), and so most times it is the Ministry of Education which communicates with Ghanaians the state of affairs of the fund. This means that the fund does not have a medium other than the government to explain its activities, operations, programs, plans, strategies, policies and challenges to the general public. This gives the government a leeway to extricate itself from any blame and put all the blame on the managers of the fund, so in the public eyes, the managers are to be blamed for the lapses but in actual fact, the government is to be blamed for not releasing money early enough as stipulated by the law in order for the fund to function as expected.*

According to the administrative manager of the GETFund, there was a time that the Board of Trustees was forced by the Ministry's misinformation to hold a press conference to basically deny government's allegation of misappropriation of money within the GETFund. This resulted in accusation and counter accusation between the Ministry and the Board of Trustees of the Fund. This problem arose as a result of not allowing the agency (GETFund) to report to the public whose funds are being used for numerous educational projects in Ghana.

But contrary to Kassim and Menon (2003), the irregularity of information allows the agency to engage in unscrupulous behaviour that disturbs the interests of the principal. In the case of the GETFund, the agent (GETFund) was rather disturbed by the irregularity of information and there was also no proof of an unscrupulous behaviour on the part of the Fund. Also, while the government may desire to ease the costs of public services by demanding on the well-organized use of resources, agencies may be more concerned about increasing budgets for their offices so that their benefits also increase. It was revealed that, this was not the case with the Fund as the activities of the government rather disorganized the resources of the Fund. Here we could see a clear clash of interest between the principal and the agent. The agent may as well spend fewer hours, less efforts, and little skills, consequently touching the productivity and the eminence of public services. It was revealed that, this was not the case with the Fund. The managers of the Fund spent more hours at work, at time, they went home very late.

Also, according to Kassim and Menon (2003), agents are likely to make full use of and derive the benefit of every opportunity to increase their level of egoism since the principal does not see or chastise them. It is therefore necessary that government interferes in order to curtail the potential unscrupulous behaviour of the agent (GETFund) to ease cost, to demand well-

organized use of resources. Again, this was not the case with the Fund as there was no proof of egoism.

In order to solve this problem of goal confusion and information irregularity, the parliament of Ghana is about to pass an Act to properly define a policy directive so that the Ministry of Education would know its limit as well as the GETFund. The Fund also has a performance monitoring system and audit department. This is interviewee response to this:

*A few days ago we had a meeting with the lawyers who are working on the Legislative Instrument (LI), this issue came out for discussion and it was agreed that when the LI is passed, this issue would be straightened up. The LI operationalizes the act. An act is a broad statement of what should be done and what should not be done. The LI goes into the specific details of the act. This LI is not yet passed by parliament of Ghana. When this is passed by parliament, this confusion as to what policy directives are really mean would be taken care of.*

This is in line with Verhoest's (2005), and, Kassim and Menon's (2003) set of solutions to information irregularity and goal confusion. In order to tackle the subjects of information irregularity between the principal and agencies, the measures would include performance monitoring, appraisal and performance auditing. It was revealed that, all these measures were being operationalized by the Fund. These actions can aid to lessen the problems of an information break between agencies and their sector ministries. This permits the principal to perceive not only any unscrupulous behaviour of an agency but also to know the intervening environmental factors that may hinder the agency's candid efforts for success.

Secondly, the government may employ so many methods to reduce goal confusion between agencies and their sector ministries. The most important actions would include having the government design a well-functioning performance contract in which the principal sets clear performance goals, performance indicators for gauging results and to inspire agencies to attain those pre-determined performance goals by introducing performance related incentives. These foundations would help both actors (government and agencies) to have clear performance goals and to know what is anticipated from each actor. Here the question of goal uncertainty is abridged. But no evidence of a well-functioning performance contract was found in place for the Fund.

Moreover, the study of Lægreid et al, (2005) in Norway has presented numerous fascinating practical teachings as far as the autonomy and control of agencies are concerned which are in

line with the relationship between the government and the GETFund. The government of Ghana has the ability to control the GETFund through legal frameworks such as the GETFund Act. In addition, the budget of the GETFund is provided by the government even though the Act stipulates that monies accrued to the Fund through Value Added Taxes should go to the Fund directly, the government does not do that but rather keeps the money at the Ministry of Finance and releases the money as and when it wants to release. The Ministry releases the GETFund's money at the ministry's convenient time at the detriment of the GETFund. So the financial autonomy of the GETFund has been insufficient. The government has defied the law that set up the Fund when it comes to funding in order to control the GETFund. The following response is an exemplary in point of this.

*..... Because the act that set up the Fund stipulates that monies accrued be sent directly to the GETFund one month in arrears so that when we are in June, then it is only May that should be in arrears. They must have paid up to April, but the government does not do that. They don't even pay directly to the GETFund as the law stipulates..... The Fund has an account at the Bank of Ghana, but they rather send the money to the Ministry of Finance, and then the Ministry of Finance pays as and when it deems it fit or necessary, so, in total there is about thirteen months arrears in running, so, the Fund does not have money.*

Obviously, this action of the government is causing unnecessary delay in the implementation of the GETFund's policies and programs, thereby, hampering the smooth running of the development of education in Ghana, and especially higher education which is seen as the fulcrum around which the country's development revolves.

Owing to these facts, the GETFund had long been not in a position to enjoy their statutorily granted autonomy. Indeed, a serious assessment of the government's actions and practices do not defy the doubts on its resolve to undermine the autonomy of the GETFund. The government is still faulted for undermining the GETFund's autonomy as the arbitrary power over various internal affairs of the fund.

The government again uses legal frameworks to control the GETFund when it comes to monitoring. The GETFund is in fact, by legislation obligated to present a budget detailing allocations of funds to the various accounts open by the Board of Trustee for study (GETFund Act, 2000). This is a legislative control by parliament in the policy implementation process. In a way, it is imperative because such checks and balances are good for democracy, which cannot be downplayed. Kaufman (1973, p.4) unambiguously argues that "if leaders exert but little

influence on the action of subordinates, then one of the axioms of democratic government ceases to apply...” . In this sense, controlling the operations of the GETFund by the legislative organ of government cannot be taken for granted in the implementation process, but this is in opposition to the suggestion by Blau (1970) that organizational autonomy matters for performance - quoting occurrences where unnecessary political intrusion in the management of public organizations led to poor performance.

According to Verhoest et al. (2004) theoretically agencies are therefore free to make their own decisions on human resources management matters such as staffing, salary grading, dismissal, promotions, evaluation of performance, and on financial management aspects such as setting tariffs, generating revenues and shifting budgets between different financial years, and in taking loans for further investment. This is in sharp contrast to what is happening to the GETFund especially staffing and salary grading. In all these cases, the government is the sole principal in deciding who should be employed, and how much salary an employee should get based on a general framework for civil servant which appears to be in line with government interest. The following interview response gives a typical view in this regard:

*..... GETFund is part of public services in Ghana and all public services in Ghana operate under the framework of Public Services Commission, so, for the conditions of service, everything is guided by the rules emanating from the Public Service Commission, so we have no control as to who should get what. All what we do as an agency is to present information on our employees and then the Public Service Commission which is under the Ministry of Finance decides the rest. But we get salary increment within the general framework of yearly government salary adjustment.*

This is not in line with Blau (1970) suggestion that, the desire for more managerial autonomy to agencies is centred on the dispute that complex and competitive modern societies need more organizational flexibility and professional management. For effectual public sector management, official rules and regulations that are mandatory for the public sector as a whole should be evaded.

The government also interferes with the the work of the Fund by way of appointing senior members to the Fund. For example, the administrator of the Fund is appointed by the Government. This is consistent with the work of Molander et al. (2002) in Sweden. He revealed that, as an outcome of the problems, politicians in Sweden turned to other means of dealing with the power of agencies. These included building additional areas of discretion rather than



working within clear sets of rules. Also, they made sure that this action worked by growing party political selection to senior positions in the agencies.

All in all, the qualitative analysis made so far suggests the presence of discrepancy between what has been put in place in the form of statutory frameworks and what has been the everyday practice. Hence, it can be said that, even though decision-making bodies from the Board level all the way to the lowest body are established in the law that enables the devolution of authority from higher to lower levels, in practical terms, the agency is being entangled with government's constant and arbitrary interference in their operations. This tells that, the empirical functioning of the Fund is far from what it ought to be.

## **CHAPTER SIX: CONCLUSIONS**

### **6.1 Introduction**

One of the central features of public governance reforms is the creation of agencies. This thesis has studied the creation of agencies in the public service management in general and Ghana in specific from the perspective of a set of research questions. This chapter summarizes the main research findings and draws the relevant conclusions. The main findings and conclusions are discussed in line with two major issues. First, the findings are linked to the theoretical frameworks developed in chapter three. Second, conclusions are drawn on the history, organizational structure, and the governance structure of the Fund. Also, conclusions are drawn on the main change drivers with respect to the Fund and how the organizational autonomy of the GETFund has developed since its establishment. In doing so, we need to recapitulate our research questions.

The first research question is: How has the functioning of the GETFund developed since its establishment? This question seeks to understand the history behind the establishment of the GETFund. The analysis was informed by two theoretical frameworks. Firstly, I applied ideas derived from the public choice theory; and secondly, I used principal-agent theory. The second main research question is: How is the GETFund organized and governed? In these two research questions combined, I wanted to understand the organizational structure of the GETFund and the operations of the Fund. The main research assumptions for and analysis of these research questions were informed by the principal-agent theory and public choice theory. The third research question is: What are the main change drivers with respect to the GETFund? In this research question, I sought to understand the changes that have taken place since the Fund was established. Again, the two theoretical frameworks mentioned above were used. The last but not the least research question is: How has the organizational autonomy of the GETFund developed since its establishment? In this research question, I wanted to understand the balance as well as the dynamic interplay between the autonomy of the Fund vis-à-vis the control the Fund experiences from the sector ministry (the Ministry of Education). The control-autonomy interaction has been a central research debate globally in the creation of agencies. Also, the main research assumptions for and analysis of this research question were informed by the theories already mentioned.

## **6.2 Conclusion of the Main Findings for Research Question One.**

An argument behind the creation of agencies from the public choice theory perspective is that agencies are created because they provide the prospect of a more efficient and effective delivery and management of public services than the traditional Weberian departments. As Kassim and Menon (2003) argue, there were two important driving forces pushing for creation of agencies in many countries: first, decrease spending and cut down fiscal deficits, and second, to improve performance through efficiency, effectiveness and the quality of public service. My empirical data show that, the history or reason underpinning the creation of the GETFund was influenced by ideas derived from the public choice theory and principal-agent theory. Elements such as promotion of efficiency and effectiveness, reducing workload of the sector Ministry as well as seeking to get more public services with less costs. The Government of Ghana did not want to finance public service through taxation because of limited resources and high enrolment rate. The Government rather wanted to establish an agency that would finance its own operations through Value Added Tax.

My analysis also showed that there are other aspects of why the Fund was established that are not supported by the public choice theory and principal-agent theory. For example, it was revealed that, there was an increased pressure on the Government to find a solution to the funding of the higher education system in Ghana since the parents and students were finding it difficult to pay for tuition fees. Indeed, the analysis found evidence that shows that, even though, public sector reforms in general were begun by the Government of Ghana, the idea to create a fund dedicated to funding higher education was muted by students. The main conclusion in this chapter is that the creation of the GETFund was mainly driven by public governance reforms; although the data also appreciate the fact that other factors also played a part.

## **6.3 Conclusion of the Main Findings for Research Question Two.**

With respect to the organizational structure of the Fund, it can be concluded that, by law the form, composition, operational units and the functions have not been transformed to be in line with the NPM ideas. They are all still consistent with the traditional Weberian administration model where the apex of authority rises as one moves from bottom to top. It is hierarchically structured in a way that, the Board of Trustees is designated as the ultimate supreme body of

the Fund. The next body to the Board of Trustees is the administrator and a deputy who have the responsibility of managing the Fund on day-to-day basis. Next in line is the management which consists of a financial unit, an audit unit, a technical unit, and the lowest body is the administration.

The analysis of the governance structure of the Fund draws conclusions that, decision-making units from the Board of Trustees down to the operating (implementation) units are instituted in a way that, it enables passing down of power to the lower units so easy. In a related development, the pattern of power distribution at each level is also found to tilt in favour of collective decision-making at the expense of hierarchical one. Even though the perpendicular hierarchies of dictatorial and executive power give way to laterally collective structures in the Fund, this is only within the GETfund. The government has been found to be interfering from external. This makes it more hierarchical with strong executive control. An argument underpinning the creation of agencies from the principal-agent theory perspective is that, there is a link between two rational actors who have gone into a contractual relationship. The principal-agent relationship arises when one party (the principal) employs another party (the agent) to carry out a function or set of tasks on behalf of the principal (Kassim and Menon, 2003). Arising from that contractual relationship are the terms that may allow the government to interfere with the operations of the agent. The main conclusion of this research question is that, the power to decide matters under the control of the GETFund is to a limited extent because of government interference by way of policy directives.

#### **6.4 Conclusion of the Main Findings for Research Question Three.**

When it comes to the level of change in real terms, a very fluid state of affairs has been discovered. Though providing complete analysis in this regard is beyond the scope of this study, the assessment of the functioning of the Fund in practice highlights how erratic the experience of the Fund. Though successful in slightly changing the mandate in practice, when it comes to the legal framework, the mandate remains the same. As evidenced by the perception of the administrative manager of the GETFund, the status quo is far from changing as the GETFund's internal interactions are still heavily accustomed to past rule of doing things except in a very few aspects where the wind of change is felt. In view of these, the GETFund appears to have been caught in these obstacles as the Fund's day-to-day operations reveal a mixture of past and a few present ways of doing things. However, this is not supported by assumptions of

principal-agent theory, which argues that, the essence of the reform endeavour in the public sector management can be measured by subsequent improvements it brings practically. It is therefore important to analyse more not only the reform content, context and processes of the newly introduced ideals, but also how the introduction of these ideals affects the basic functions of these agencies. The main conclusion with respect to this research question is that; the data showed a few changes that have taken place in the Fund. The way or pattern of spending has been shifted from the bulk of the funds going to tertiary institutions, so that second circle and basic schools would get a bigger share of the funds. Also there is a change of focus from supplementary aspect to the entire funding of education in Ghana in practice but not the law. So the GETFund in practice is no longer supplementary, but the main funding agency. Virtually, the GETFund is financing everything, taking on its shoulders the entire development budget of the ministry of education. Apart from the changes mentioned above, almost everything remains the same ranging from the organizational structure of the GETFund to decision-making processes. The few changes that had taken place within the GETFund can be said to be second-order changes. Though no substantial changes have been made, two new goals seem to have been introduced: shift in spending where the bulk of the fund now goes to second cycle and basic education, and also the scope of the Fund has changed from being supplementary to the main funding tool.

## **6.5 Conclusion of the Main Findings for Research Question Four.**

The four question is focused on how much autonomy the GETFund has and how it is controlled by its sector ministry and whether the sector Ministry has the capability to control the GETFund in an NPM way in general. In addressing this question, I used the principal-agent theory and public choice theory.

These theoretical assumptions (both the principal-agent theory and public choice theory) have been discussed in chapter three. The main observation in chapter three is that control over agencies has not evidently moved towards result-based control as argued by the principal-agent theory. In most agencies, the government (especially sector ministries) has reserved its established inputs-based control, making the formal agency autonomy as written in statutory of limited use. In countries that have been able to implement the NPM reforms, such as New Zealand, agencies have retained significant autonomy in managing their affairs. They were made legal leaders of their employees and were allowed to employ workers into their agencies,

determine salaries for employees and other policies they thought to be the most efficient for their agencies (Gomez-Mejia and Wiseman, 2007). In the case of the GETFund, this is not the case as the established tools of officious control are still being used in controlling the Fund. It was found out that, the government has taken a more active steering position when it comes to the allocation of resources and this has affected the tactical administrative autonomy of the Fund. Again, a careful analysis of the GETFund decisions offers an interesting glimpse into how the GETfund responds to external (government) pressures in the strongly regulated Ghanaian context. The analytical framework provides insightful analytical tools not only to explain why agencies are set up, but also the role played by the government in the internal affairs of the Fund. Though the government by legislation has a limited role, the analysis of the findings of this study evidenced how decisive the government's role is in deciding matters for the Fund. As opposed to its traditional direct intervention actions, the Government uses more sophisticated mechanisms, such as revisiting the legal framework and funding.

Finally, one of the most important aspects of the public sector reforms is the introduction of result-based control, especially for agencies. According to the principal-agent theory, handing over of responsibilities to agencies needs to be monitored by a results-based control (Kassim and Menon, 2003). As discussed in chapter three, assumptions drawn from the principal-agent theory are that agencies in Ghana would be controlled on the basis that, results are achieved and that sector ministries would come out with administrative mechanisms to make sure the goals set for these agencies are achieved. In the case of the GETFund, this is not happening even though, administrative mechanisms such as evaluation, monitoring and quality control are in place, they are loosely implemented. The government seems to be more interested in direct interference by issuing policy directives than acting as strategic manager, as argued by public choice theory.

## **6.6 Reflections on the Main Conclusions**

With respect to the research findings, it can be argued that they have confirmed the initial position, that is, the history, organizational structure, governance structure, changes, autonomy and control of the GETFund can be understood if the decision making processes are carefully examined and answers are sought for why the Fund makes those decisions. Due to historical, political and economic challenges facing the government of Ghana at the turn of century, the public sector reforms it undertook were not bound to be at the same pace with the reforms

undertaken in Western democracies. Even though the public sector reforms in Ghana were to a large extent led by the same ideologies, theories and realistic goals, as it is the case of Western European countries (Maasen, 2003), as Peters (2001) rightly said, only components of these reforms can be found in the environment studied here, that is, the environment of developing countries. These ideologies, theories and realistic goals were not in the same way understood by all the people who had a say in Ghanaian public sector management. Then again, even though the change of the state's long-established controlling positions into a more supervisory function have undeniably taken place, the position of the state has at the same time been strengthened rather than reduced.

With respect to methodology, using an interview combined with documents in analysing the history, organizational structure, governance structure, change drivers and autonomy and control of the GETFund made a valuable combination. As already indicated, due to time constraints and other limitations encountered in conducting this study, only one interview was conducted which is deemed rather limiting, as more interviews would have given additional information to the subject.

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# **Appendices**

## **Appendix: Interview Guide**

1. Introduction: brief explanation of the objectives of my research.
2. Could you let me know, in brief, the position that you have at the GETFund?
3. Can you tell me in your own version, the history of the GETFund since its establishment? or can you list the historical stages that the Fund had passed through until today in your own version?
4. Why did the Government establish the Fund?
5. What kind of organizational structure does the Fund have? What are the duties of each body?
6. What is the mandate of the Ghana Educational Trust Fund?
7. What is the governance structure of the Fund? How are decisions made?
8. Is there any quality control system? how does it work if any?
9. How is the Fund monitored?
10. What are the criteria for allocating and disbursing the Fund? How was it developed and how is it used in practice?
11. What are the main change drivers with respect to the Fund?
12. How would you describe the relationship between the Government (the Ministry of Education) and the Fund?
13. How do you finance your operations in general?
14. Can you tell me the outcomes or effects of the Fund?
15. What are the main challenges that the management faces in administering and managing the Fund?